ORIGINAL

E000050472
SW-02849A-26-0079

NEW APPLICATION

SHAPIRO LAW FIRM, P.C.
Jay L. Shapiro (No. 014650)
20860 N. Tatum Boulevard, Suite 300
Phoenix, Arizona 85050
Telephone (602) 559-9575
jay@shapslawaz.com

Attorney for SaddleBrooke Utility Company

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF SADDLEBROOKE UTILITY COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: SW-02849A-26- **RATE APPLICATION**

SaddleBrooke Utility Company ("SBU"), a Class C utility, hereby applies for an order establishing the fair value of its plant and property used for the provision of public wastewater utility service and based on such finding approving permanent rates and charges for utility service designed to produce a fair return thereon. This application is being made concurrently with the rate application by SBU's affiliate, Mountain Pass Utility Company ("MPU"), so that the two utilities can also seek an order approving the consolidation of SBU and MPU into a single entity providing service under a single tariff of rates and charges. MPU is also a Class C utility under the rules of the Arizona Corporation Commission ("Commission"). Together SBU and MPU would form a Class B utility. Thus, despite currently being a Class C sized utility, SBU is filing an application with Class B schedules to allow for the type of comparative analysis the requested consolidation requires of the Commission. Following sufficiency, SBU and MPU (jointly referred to as "Applicants") will seek to consolidate the two rate applications into the same docket so that the Commission may consider the request for consolidation.

ACC - Docket Control - Received: 04/03/2026 04:43 PM
ACC - Docket Control - Docketed: 4/6/2026 8:26 AM

Included with this application by SBU are all of the standard Class B rate filing schedules and analysis for SBU as a stand-alone wastewater utility. The Applicants have also provided schedules reflecting the proposed consolidation of SBU and MPU into "JW Wastewater Utility Company" or "JW Wastewater" which will be the new wastewater utility's name if the consolidation is approved.

In support of this application, SBU states as follows:

SBU

A. Background.

1. SBU is an Arizona public service corporation engaged in providing wastewater utility service to portions of Pinal County, Arizona, pursuant to a certificate of convenience and necessity granted by the Commission. During the Test Year, SBU served approximately 5,300 customers.

2. SBU's business office is located at 4720 E. Cotton Gin Loop, Suite 130, Phoenix, Arizona 85040 and its telephone number is 888-712-1120. The primary management contact is Jason Williamson, who is SBU's President.

B. SBU's Proposed Stand-Alone Rate Increase.

3. SBU's present rates and charges for utility service were approved by the Commission in Decision No. 78151 (July 28, 2021), based on a test year ending December 31, 2019.

4. SBU's revenues from its utility operations are presently inadequate to provide a fair rate of return on the fair value of its utility plant and property devoted to public service. Operating expenses have also changed since the current rates were set. Therefore, SBU requests that certain adjustments to its rates and charges for utility service be approved by the Commission so that SBU may recover its operating expenses and be given an opportunity to earn a just and reasonable rate of return on the fair value of its rate base. SBU agrees to use its original cost rate base as its fair value rate base in this proceeding.

5. As indicated above, filed concurrently herewith are the schedules required pursuant to A.A.C. R14-2-103 for rate applications by Class B utilities. The test year utilized by SBU in connection with the preparation of such schedules is the 12-month period that ended September 30, 2025. SBU requests that the Commission utilize such test year in connection with this application, with appropriate adjustments to obtain a normal or more realistic relationship between revenues, rate base and expenses during the period in which the rates established in this proceeding are expected to be in effect.

6. During the test year, SBU's adjusted gross revenues were $2,312,662. The adjusted operating income was $112,478, leading to an operating income deficiency of $601,526. The adjusted fair value rate base was $7,919,296. Thus, the rate of return during the test year was 1.42 percent, considerably less than the authorized return in the last rate case.

7. SBU submits that this rate of return is inadequate to allow it to earn a reasonable return on the fair value of its used and useful utility plant in service for its stockholder, maintain a sound credit rating, and/or enable SBU to attract additional capital on reasonable and acceptable terms to continue the investment in utility plant necessary to adequately serve customers.

8. On a stand-alone basis, SBU would require total annual revenues of $3,122,615, an increase in total revenues of $809,952, or approximately 35.02 percent over the adjusted and annualized test year revenues of $2,312,662. The revenue amount is inclusive of the revenues required to recover operating expenses and afford SBU an opportunity to earn a return on rate base. Specifically, the increase in annual revenues to provide for recovery of operating expenses and a 9.02 percent return on rate base is approximately $809,952. Rate case expense recovery is being requested through a separate surcharge recovery mechanism.

9. In accordance with A.A.C. R14-2-103.B.5, attached hereto as **Attachment 1** are plant descriptions and wastewater flows for the 2025 calendar year.

10. Attached hereto as **Attachment 2** is SBU's proposed tariff of rates and charges, which includes a Customer Assistance Tariff with a low-income program, and discounts for deployed services members and disabled veterans.

C. Request to Consolidate and Proposed Rates for JW Wastewater.

11. There are many reasons for the requested consolidation including general proximity, common ownership, management and operations, promoting long-term rate stability and recovery, improved conditions for access to capital and good, reasonable business operations.[1]

12. For JW Wastewater, Applicants seek a total revenue requirement of $5,758,829 based on a finding of fair value rate base equal to $18,977,646 and a 9.02 percent rate of return. The revenue amount is inclusive of the revenues required to recover the proposed operating expenses and afford JW Wastewater a return on rate base. Rate case expense recovery is being requested through a separate surcharge recovery mechanism.

13. Attached hereto as **Attachment 3** is JW Wastewater's proposed tariff of rates and charges, which includes a Customer Assistance Tariff with a low-income program, and discounts for deployed services members and disabled veterans.

SUPPORTING TESTIMONY AND SCHEDULES

14. Filed concurrently in support of this application are the following direct testimonies:

a. Direct Testimony of Jill Schwartz – Ms. Schwartz provides an overview of the rate filings and Applicants' intent to concurrently seek financing approval, and their request to be consolidated into a single public service corporation. Ms. Schwartz

---

[1] *See* Direct Testimony of Jill Schwartz at 6:18 – 7:6.

also addresses shared services in accordance with the JW Water Allocation Manual (JWWAM).

b. Direct Testimony of Christian T. Edwards - Mr. Edwards provides background on Applicants and their operations and addresses certain aspects of the rate relief being requested, including capital improvements made since the last rate cases and upcoming.

c. Direct Testimony of Cherishe Barbee – Ms. Barbee addresses the overall revenue requirement, including rate base and income statement (revenue and operating expenses) and the corresponding adjustments to the test year in order to establish rates for the Applicants on a stand-alone basis, as well as JW Wastewater. Ms. Barbee also discusses Applicants' recommended changes to the tariff or tariffs (without consolidation) of rates and charges, and the proposed Customer Assistance Tariff.

d. Direct Testimony of Freddie Patrick – Mr. Patrick addresses Applicants' recent transition of its customer service and billing system and responsibilities.

e. Direct Testimony of Thomas J. Bourassa – Mr. Bourassa discusses rate case expense, rate design and the consolidation of rates in one volume of testimony, and cost of capital for the Applicants and JW Wastewater in another.

CONTACT INFORMATION

15. The person responsible for overseeing and directing the conduct of this rate application is Jill Schwartz. Ms. Schwartz's business address is 4720 E. Cotton Gin Loop, Suite 130, Phoenix, Arizona 85040; her telephone number is (314) 401-2761; and her e-mail address is jschwartz@jwwater.net.

16. All discovery, data requests and other requests for information concerning this application and the request for rate relief contained herein should be directed to Ms. Schwartz at jschwartz@jwwater.net, Ms. Barbee at cbarbee@jwwater.net, and SBU's

expert witness, Mr. Bourassa, at tjb114@cox.net, with a copy to undersigned counsel at jay@shapslawaz.com and whitney@shapslawaz.com.

RELIEF REQUESTED

WHEREFORE, SBU requests the following relief:

A. That the Commission, upon proper notice and at the earliest possible time, conduct a hearing in accordance with A.R.S. § 40-251 and determine the fair value of SBU's utility plant and property devoted to providing wastewater utility service;

B. Based upon such determination, that the Commission (1) grant the request to consolidate MPU into SBU, and (2) approve permanent adjustments to the rates and charges for wastewater utility service provided by JW Wastewater as proposed herein, or approve such other rates and charges as will produce a just and reasonable rate of return on the fair value of SBU's used an useful consolidated utility plant and property;

C. That the Commission approve the request for a rate case expense surcharge; and

D. That the Commission authorize such other and further relief as may be appropriate to ensure that SBU has an opportunity to earn a just and reasonable return on the fair value of its utility plant and property and as may otherwise be required under Arizona law.

RESPECTFULLY SUBMITTED this 3rd day of April, 2026.

SHAPIRO LAW FIRM, P.C.

By: */s/ Jay L. Shapiro*
Jay L. Shapiro
20860 N. Tatum Boulevard, Suite 300
Phoenix, Arizona 85050
jay@shapslawaz.com

Attorney for SaddleBrooke Utility Company

ORIGINAL eFiled
this 3rd day of April, 2026, with:

Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

By: /s/ *Whitney Birk*

APPLICATION ATTACHMENT 1

Wastewater Utility Plant Description

Name of System: Saddlebrooke Utility Company
Wastewater Inventory Number (if applicable): none
Type of Treatment: other
Design Capacity of Plant (Gallons per day): 1,240,000

LIFT STATION FACILITIES					
Location	Quantity of Pumps	Horsepower Per Pump	Rated Capacity Per Pump (GPM)	Wet Well Capacity (gals)	Year Constructed
Construction Yard	2	3	50	1000	1997
Unit 7	2	6	50	1020	1997
Uint 9	2	10	140	677	1997
Unit 19	2	5	140	888	1995
Unit 27	2	5	120	380	2000
Unit 36	2	35	500	1800	1999
Unit 21 North	2	11	131	1197	2001
Unit 21 South	2	85	275	1795	2001
Unit 46	2	20	600	1800	2003
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a

FORCE MAINS		
Size	Material	Length (Feet)
4 inch	PVC	1,772
6 inch	PVC	8,046
<4 inch	PVC	8,002
>6 inch	PVC	2,797
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA

MANHOLES	
Type	Quantity
Standard	1,023
Drop	25

CLEANOUTS
Quantity
135
0
0
0

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

Instructions: Fill out the Grey Cells with the relevent information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report. Copy and paste this sheet as many times as is necessary.

Wastewater Utility Plant Description (Continued)

GRAVITY MAINS

Sizes (inches)	Material	Length (feet)
4	PVC	6,302
8	PVC	275,296
10	PVC	2,787
3	PVC	760
NA	NA	N/A
NA	NA	N/A
NA	NA	N/A
NA	NA	N/A
NA	NA	N/A
NA	NA	N/A
NA	NA	N/A
NA	NA	N/A
NA	NA	N/A
NA	NA	N/A
NA	NA	N/A

SERVICES/LATERALS

Size (inches)	Material	Quantity
4	PVC	5,268
6	NA	0
8	NA	0
10	NA	0

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

SOLIDS PROCESSING AND HANDLING FACILITIES	Centrifuge
DISINFECTION EQUIPMENT (Chlorinator, Ultra-Violet, Etc.)	Ultra-Violet
FILTRATION EQUIPMENT (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	Sand, anthracite, and dual media filters
STRUCTURES (Buildings, Fences, Etc.)	Buildings, fences
Other (Laboratory Equipment, Tools, Vehicles, Standby, Power Generators, Etc.)	Generators, vehicles, microscope

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

Instructions: Fill out the Grey Cells with the relevent information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report. Copy and paste this sheet as many times as is necessary.

Saddlebrooke Utility Company
Annual Report
Wastewater Flows

12/31/25

Wastewater Flows					
Month	Number of Services	Total Monthly Sewage Flow (Gallons)	Sewage Flow on Peak Day	Purchased Power Expense[1]	Purchased Power (kWh)[2]
January	5,329	13,763,000	478,000	$19,744	151,232
February	5,331	13,052,000	489,000	18,210	131,085
March	5,333	14,342,000	503,000	19,311	143,546
April	5,334	12,613,000	473,000	19,274	144,122
May	5,335	11,081,000	428,000	18,695	139,678
June	5,335	9,605,000	363,000	18,321	131,033
July	5,338	9,836,000	568,000	17,680	133,126
August	5,339	9,974,000	375,000	17,894	130,554
September	5,340	10,077,000	390,000	17,875	130,273
October	5,341	11,219,000	443,000	20,658	142,686
November	5,342	12,991,000	545,000	19,957	144,596
December	5,342	12,783,000	578,000	19,819	142,707
	Totals	**141,336,000**	**5,633,000**	**$227,438**	**1,664,637**

Provide the following information as applicable per wastewater system:

Method of Effluent Disposal	Reuse
Groundwater Permit Number	100356
ADEQ Aquifer Protection Permit ("APP") Number	NA
ADEQ Reuse Permit Number	PL100356
EPA NPDES Permit Number	AZ0022853
APP Effluent Treatment Requirement (Class)?	A+
Permitted Flow Rate	1.24 MGD
Permitted Organic Capacity	280 mg/l(BOD design inflow)%
Hydraulic Capacity	3.72 MGD (Peak)%
Type of Biological Treatment	Extended Aeration (EA)

In the space below, list all violations within the past 12 months:

.

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

1 Enter the total purchased power costs for the power meters associated with this system.
2 Enter the total purchased kWh used by the power meters associated with this system.

Instructions: Fill out the Grey Cells with the relevent information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

APPLICATION ATTACHMENT 2

TABLE OF CONTENTS

STATEMENT OF CHARGES

I. RATES

In Decision No. XXXXX, dated __________, the Commission approved the following rates and charges to become effective:

A. Monthly Minimum Charge

Meter Size – All Classes	Charge
5/8 x ¾" Meter	$ 46.57
3/4" Meter	46.57
1" Meter	116.43
1 1/2" Meter	232.85
2" Meter	372.57
3" Meter	745.13
4" Meter	1,164.27
6" Meter	2,328.54
8" Meter	3,725.67
10" Meter	5,355.65
12" Meter	10,012.74
Effluent Rate (per 1,000 gallons)	0.87

STATEMENT OF CHARGES

I. RATES

B. Service Charges

Service	Charge
Establishment	$35.00
Re-Establishment (within 12 months)	(a)
Reconnection (delinquent)	$30.00
NSF Payment	$30.00
Deferred Payment (per month)	1.50%
Late Charge	(b)
Service – After Hours	50.00(c)
Deposit Requirement	(d)
Deposit Interest	6.00%
Connection Fee	At Cost
Disconnection/Reconnection (delinquent account)	(e)

(a) Minimum charge times number of full months off the system per A.A.C. R-14-2-403(D).
(b) Greater of $5.00 or 1.5% of unpaid balance.
(c) Customer shall be charged for after-hours service calls outside of normal working hours for work performed at the customer's request or convenience.
(d) Per A.A.C. R14-2-603(B): Residential – two times the average bill by class; Non-residential – two and one-half times the customer's estimated maximum monthly bill.
(e) The actual cost of disconnection and reconnection, including costs for excavation and trenching, pipeline modification, backfill and grading, road repairs and permitting.

STATEMENT OF CHARGES

II. TAXES AND ASSESSMENTS

In addition to the collection of its regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax per Commission Rule A.A.C. R14-2-608(D)(5).

STATEMENT OF TERMS AND CONDITIONS

Terms and Conditions of Service

1.0 **Applicability**. This Terms and Conditions of Service Tariff applies to all services provided by the Company.

2.0 **Adoption of Rules**. The Company adopts the Rules of the Arizona Corporation Commission for sewer service (A.A.C. R14-2-601 to R14-2-610), as supplemented by this Tariff.

3.0 **Electronic Billing**. Electronic Billing is an optional billing service whereby Customers may elect to receive, view, and pay their bills electronically. The Company may modify its Electronic Billing services from time to time. A Customer electing an electronic billing service may receive an electronic bill in lieu of a paper bill. Customers electing an electronic billing service may be required to complete additional forms and agreements. Electronic Billing may be discontinued at any time by the Company or the Customer. An Electronic Bill will be considered rendered at the time it is electronically sent to the Customer. Failure to receive bills or notices which have been properly sent by an Electronic Billing system does not prevent these bills from becoming delinquent and does not relieve the Customer of the Customer's obligations therein. Any notices which the Company is required to send to a Customer who has elected an Electronic Billing service may be sent by electronic means at the option of the Company. Except as otherwise provided in this section, all other provisions of the Company's tariffs and the Commission's Rules and Regulations are applicable to Electronic Billing. The Customer must provide the Company with a current email address for electronic bill delivery. If the Electronic Bill is electronically sent to the Customer at the email address that Customer provided to the Company, then the Electronic Bill will be considered properly sent. Further, the **Customer will be responsible for updating the Company with any changes to this email address**. Failure to do so will not excuse the Customer from timely paying the Company for utility service.

4.0 **Liability**.

4.1 **Third party claims**. Company will not be responsible for any third-party claims against Company that arise from Customer's use of Company's utility service unless such claims are caused by the Company's willful misconduct or gross negligence.

4.2 **Indemnity**. Customer will indemnify, defend and hold harmless the Company (including the costs of reasonable attorney's fees) against all claims (including, without limitation, claims for damages to any business or property, or injury to, or death of, any person) arising out of any wrongful act or negligent omission of the Customer, or the Customer's agents, in connection with the Company's service or facilities.

STATEMENT OF TERMS AND CONDITIONS

Terms and Conditions of Service

4.3 **Limitation of damages**. The liability of the Company for damages due to errors, omissions or other negligence by the Company, its agents, employees or officers, in the course of establishing, furnishing, rearranging, moving, terminating, or changing the service or facilities or equipment shall not exceed the actual reasonable cost to cure the damages directly resulting from the Company's errors, omissions or negligence, Company shall not be liable for consequential or punitive damages except if such damages are caused by the Company's willful misconduct or gross negligence.

4.4 **Incidental, indirect, special, or consequential damages**. In no event will the Company be liable for any incidental, indirect, special, or consequential damages (including lost revenue or profits) of any kind whatsoever regardless of the cause or foreseeability thereof.

4.5 **Interference with Company facilities**. The Company will not be responsible in any occasion for any loss or damage caused by the negligence or wrongful act of the Customer or any of his agents, employees or licensees in installing, maintaining, using, operating or interfering with any Company facilities.

CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

APPLICABILITY

Applicable to residential sewer service for domestic use rendered to individuals who meet all the program qualifications and special conditions of this rate schedule.

PROGRAMS

This Customer Assistance Tariff ("CAT") contains the following programs: (1) Low-Income Program; (2) Deployed Services Member Program; and (3) Disabled Veteran Program. Collectively, these three programs are referred to as the "Customer Assistance Programs."

TERRITORY

Within all customer service areas served by SaddleBrooke Utility Company ("SBU" or "Company").

RATES

Fifteen percent (15%) discount applied to the regular filed tariff.

PROGRAM QUALIFICATIONS

1. The SBU bill must be in your name and the address must be your primary residence.
2. You may not be claimed as a dependent on another person's tax return.
3. You must reapply each time you move residences.
4. You must renew your application once every year, or sooner, if requested.
5. You must notify SBU within thirty (30) days if you become ineligible for the CAT.

CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

SPECIAL CONDITIONS

1. Application: An application on a form authorized by the Commission is required for each request for service under this schedule. A customer must reapply every year or sooner, if requested.

2. Commencement of Rate: Eligible customers whose applications have been approved shall be billed on this schedule commencing with the next regularly scheduled billing period that follows approval of application by SBU.

3. Verification: Information provided by the applicant is subject to verification by SBU. Refusal or failure of a customer to provide documentation of eligibility acceptable to SBU, upon request by SBU, shall result in removal from this rate schedule.

4. Notice from Customer: It is the customer's responsibility to notify SBU if there is a change of eligibility status.

5. Rebilling: Customers may be re-billed retroactively for periods of ineligibility under the applicable rate schedule.

6. Participation Limit: The CAT (for all three programs included) is limited to 400 customers of the Company. Applications will be reviewed and approved on a first come, first served basis. Applicants will be placed on a waiting list if the participation limit has been met.

7. Qualification: A customer that qualifies for more than one program will only receive benefits from one program per year. CAT benefits will not be combined or accumulated.

CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

LOW-INCOME PROGRAM

To qualify for the low-income program, the total gross annual income of all persons living in your household cannot exceed the income levels below:

No. of Person in Household	Total Gross Annual Income*
1	$23,475
2	$31,725
3	$39,975
4	$48,225
5	$56,475
6	$64,725

For each additional person residing in the household, add $8,250

***Qualifying annual incomes are set at 150 percent of the federal poverty levels.**

Acceptance into the program is subject to verification of income source.

For the purpose of the program the "gross household income" means all money and non-cash benefits, available for living expenses, from all sources, both taxable and non-taxable, before deductions for all people who live in your home. This includes, but is not limited to:

Wages or salaries
Interest or dividends from:
Savings account, stocks or bonds
Unrealized capital gains
Unemployment benefits
TANF (AFDC)
Pensions
Social Security, SSI, SSP
Scholarships, grants, or other aid used for living expenses
Disability payments
Food Stamps
Insurance settlements
Gifts
Rental or royalty income
Profit from self-employment (IRS form Schedule C, Line 29)
Worker's Compensation
Child Support
Spousal Support

CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DEPLOYED SERVICES MEMBER PROGRAM

This program allows the Company to provide a 15% discount to deployed service members of the United States Military.

The Company will provide the credit on the deployed service member's bill provided that the following criteria are met:

1. Deployment is not a "permanent change of station." Permanent change of station requires a service member to permanently change his or her place of residence, paid for by the applicable military branch. A service member's decision to keep a secondary residence in Arizona would be discretionary and would not qualify for this credit.
2. Deployed member does not have family living in the premises. Short term deployments, where a spouse and/or dependents remain in the United States would not qualify, as the service member would receive separate compensation from the military to cover domestic expenses while deployed.
3. The deployed service member is an active member of the military (*e.g.*, Air Force, Army, Coast Guard, Marines, and Navy), as defined by 10 U.S.C. § 101(a)(4), and includes any member of the Reserves or National Guard called to active duty.

ADMINISTRATION

1. Participation shall be determined on a first come, first served basis.
2. Each service member's eligibility must be verified based on written orders from the service member's command.
3. Continued eligibility will be determined periodically through a recertification process.
4. The Company is permitted to seek Commission approval to change participant limits based on level of participation.

CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DISABLED MILITARY VETERAN PROGRAM

This program allows the Company to provide a 15% discount to disabled military veterans of the United States Military.

The Company will provide the credit on the disabled military veteran's bill provided that the following criteria are met:

1. Disabled military veteran was honorably discharged from the armed forces.
2. Disabled military veteran must have a permanent disability rating related to their military duty service.
3. The disabled military veteran must have been an active member of the military (*e.g.*, Air Force, Army, Coast Guard, Marines, and Navy), as defined by 10 U.S.C. § 101(a)(4), and includes any member of the Reserves or National Guard called to active duty.

ADMINISTRATION

1. Participation shall be determined on a first come, first served basis.
2. Each service member's eligibility must be verified based on documentation demonstrating a medical discharge or other written documentation from the United States Department of Defense or Department of Veteran Affairs.
3. Continued eligibility will be determined periodically through a recertification process.
4. The Company is permitted to seek Commission approval to change participant limits based on level of participation.

Issued: Effective:

ISSUED BY:
SaddleBrooke Utility Company
4720 E. Cotton Gin Loop
Phoenix, Arizona 85040
Decision No. XXXXX

CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

RECOVERY OF COST AND CUSTOMER SURCHARGES

SBU shall recover the CAT costs from a monthly CAT surcharge on all residential and non-residential sewer customers who are not participating in the CAT. SBU is entitled to seek recovery of direct costs (*i.e.,* those costs directly associated with the programs, which costs would not be incurred in the absence of the programs). The Company shall account for those direct costs separately from other operating costs.

SBU shall be entitled to implement a CAT surcharge on non-participating residential and non-residential sewer customers as follows.

- For customers participating in the CAT, the Company shall maintain a balancing account detailing the beginning and ending balance of the cumulative unrecovered program costs each month.
- SBU's authorized rate of return shall be applied monthly to the average of the beginning balances of the cumulative unrecovered program costs for sewer service and included in the beginning balances for the following month.
- Using the balancing account, SBU shall calculate the monthly surcharge for each customer as follows:

  (Ending Balance for CAT Balancing Account including amortized carrying costs during recovery period/Number of active non-participating sewer connections at year end)/12

- The ending balance in the balancing account shall equal the beginning balances plus discounts allowed on bills for the twelve month tracking period, plus direct program costs incurred in the twelve month period plus the return less surcharge fees billed in the twelve month tracking period.
- SBU shall implement a monthly surcharge for the CAT for each twelve-month period of the CAT. The Company shall calculate the monthly surcharge each year based on the active number of customer connections as of December 31 of the prior year. The Company shall file notice of the surcharge, along with a report on the CAT, with the Arizona Corporation Commission on or before January 31 and the surcharge shall be implemented on customer bills in February of each year with the recovery period ending in January of the following year.

APPLICATION ATTACHMENT 3

TABLE OF CONTENTS

STATEMENT OF CHARGES

I. RATES

In Decision No. XXXXX, dated __________, the Commission approved the following rates and charges to become effective:

A. Monthly Minimum Charge

Meter Size – All Classes	Charge
5/8 x ¾" Meter	$ 64.66
3/4" Meter	64.66
1" Meter	161.64
1 1/2" Meter	323.29
2" Meter	517.26
3" Meter	1,034.52
4" Meter	1,616.44
6" Meter	3,232.88
8" Meter	5,172.60
10" Meter	7,435.61
12" Meter	13,901.36
Effluent Rate (per 1,000 gallons)	0.87

STATEMENT OF CHARGES

I. RATES

B. Service Charges

Service	Charge
Establishment	$35.00
Re-Establishment (within 12 months)	(a)
Reconnection (delinquent)	$30.00
NSF Payment	$30.00
Deferred Payment (per month)	1.50%
Late Charge	(b)
Service – After Hours	50.00(c)
Deposit Requirement	(d)
Deposit Interest	6.00%
Connection Fee	At Cost
Disconnection/Reconnection (delinquent account)	(e)

(a) Minimum charge times number of full months off the system per A.A.C. R-14-2-403(D).
(b) Greater of $5.00 or 1.5% of unpaid balance.
(c) Customer shall be charged for after-hours service calls outside of normal working hours for work performed at the customer's request or convenience.
(d) Per A.A.C. R14-2-603(B): Residential – two times the average bill by class; Non-residential – two and one-half times the customer's estimated maximum monthly bill.
(e) The actual cost of disconnection and reconnection, including costs for excavation and trenching, pipeline modification, backfill and grading, road repairs and permitting.

STATEMENT OF CHARGES

II. TAXES AND ASSESSMENTS

In addition to the collection of its regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax per Commission Rule A.A.C. R14-2-608(D)(5).

STATEMENT OF TERMS AND CONDITIONS

Terms and Conditions of Service

1.0 **Applicability**. This Terms and Conditions of Service Tariff applies to all services provided by the Company.

2.0 **Adoption of Rules**. The Company adopts the Rules of the Arizona Corporation Commission for sewer service (A.A.C. R14-2-601 to R14-2-610), as supplemented by this Tariff.

3.0 **Electronic Billing**. Electronic Billing is an optional billing service whereby Customers may elect to receive, view, and pay their bills electronically. The Company may modify its Electronic Billing services from time to time. A Customer electing an electronic billing service may receive an electronic bill in lieu of a paper bill. Customers electing an electronic billing service may be required to complete additional forms and agreements. Electronic Billing may be discontinued at any time by the Company or the Customer. An Electronic Bill will be considered rendered at the time it is electronically sent to the Customer. Failure to receive bills or notices which have been properly sent by an Electronic Billing system does not prevent these bills from becoming delinquent and does not relieve the Customer of the Customer's obligations therein. Any notices which the Company is required to send to a Customer who has elected an Electronic Billing service may be sent by electronic means at the option of the Company. Except as otherwise provided in this section, all other provisions of the Company's tariffs and the Commission's Rules and Regulations are applicable to Electronic Billing. The Customer must provide the Company with a current email address for electronic bill delivery. If the Electronic Bill is electronically sent to the Customer at the email address that Customer provided to the Company, then the Electronic Bill will be considered properly sent. Further, the **Customer will be responsible for updating the Company with any changes to this email address**. Failure to do so will not excuse the Customer from timely paying the Company for utility service.

4.0 **Liability**.

4.1 **Third party claims**. Company will not be responsible for any third-party claims against Company that arise from Customer's use of Company's utility service unless such claims are caused by the Company's willful misconduct or gross negligence.

4.2 **Indemnity**. Customer will indemnify, defend and hold harmless the Company (including the costs of reasonable attorney's fees) against all claims (including, without limitation, claims for damages to any business or property, or injury to, or death of, any person) arising out of any wrongful act or negligent omission of the Customer, or the Customer's agents, in connection with the Company's service or facilities.

STATEMENT OF TERMS AND CONDITIONS

Terms and Conditions of Service

4.3 **Limitation of damages**. The liability of the Company for damages due to errors, omissions or other negligence by the Company, its agents, employees or officers, in the course of establishing, furnishing, rearranging, moving, terminating, or changing the service or facilities or equipment shall not exceed the actual reasonable cost to cure the damages directly resulting from the Company's errors, omissions or negligence, Company shall not be liable for consequential or punitive damages except if such damages are caused by the Company's willful misconduct or gross negligence.

4.4 **Incidental, indirect, special, or consequential damages**. In no event will the Company be liable for any incidental, indirect, special, or consequential damages (including lost revenue or profits) of any kind whatsoever regardless of the cause or foreseeability thereof.

4.5 **Interference with Company facilities**. The Company will not be responsible in any occasion for any loss or damage caused by the negligence or wrongful act of the Customer or any of his agents, employees or licensees in installing, maintaining, using, operating or interfering with any Company facilities.

CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

APPLICABILITY

Applicable to residential sewer service for domestic use rendered to individuals who meet all the program qualifications and special conditions of this rate schedule.

PROGRAMS

This Customer Assistance Tariff ("CAT") contains the following programs: (1) Low-Income Program; (2) Deployed Services Member Program; and (3) Disabled Veteran Program. Collectively, these three programs are referred to as the "Customer Assistance Programs."

TERRITORY

Within all customer service areas served by JW Wastewater Utility Company ("JW Wastewater" or "Company").

RATES

Fifteen percent (15%) discount applied to the regular filed tariff.

PROGRAM QUALIFICATIONS

1. The JW Wastewater bill must be in your name and the address must be your primary residence.
2. You may not be claimed as a dependent on another person's tax return.
3. You must reapply each time you move residences.
4. You must renew your application once every year, or sooner, if requested.
5. You must notify JW Wastewater within thirty (30) days if you become ineligible for the CAT.

CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

SPECIAL CONDITIONS

1. Application: An application on a form authorized by the Commission is required for each request for service under this schedule. A customer must reapply every year or sooner, if requested.

2. Commencement of Rate: Eligible customers whose applications have been approved shall be billed on this schedule commencing with the next regularly scheduled billing period that follows approval of application by JW Wastewater.

3. Verification: Information provided by the applicant is subject to verification by JW Wastewater. Refusal or failure of a customer to provide documentation of eligibility acceptable to JW Wastewater, upon request by JW Wastewater, shall result in removal from this rate schedule.

4. Notice from Customer: It is the customer's responsibility to notify JW Wastewater if there is a change of eligibility status.

5. Rebilling: Customers may be re-billed retroactively for periods of ineligibility under the applicable rate schedule.

6. Participation Limit: The CAT (for all three programs included) is limited to 600 customers of the Company. Applications will be reviewed and approved on a first come, first served basis. Applicants will be placed on a waiting list if the participation limit has been met.

7. Qualification: A customer that qualifies for more than one program will only receive benefits from one program per year. CAT benefits will not be combined or accumulated.

CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

LOW-INCOME PROGRAM

To qualify for the low-income program, the total gross annual income of all persons living in your household cannot exceed the income levels below:

No. of Person in Household	Total Gross Annual Income*
1	$23,475
2	$31,725
3	$39,975
4	$48,225
5	$56,475
6	$64,725

For each additional person residing in the household, add $8,250

***Qualifying annual incomes are set at 150 percent of the federal poverty levels.**

Acceptance into the program is subject to verification of income source.

For the purpose of the program the "gross household income" means all money and non-cash benefits, available for living expenses, from all sources, both taxable and non-taxable, before deductions for all people who live in your home. This includes, but is not limited to:

Wages or salaries
Interest or dividends from:
Savings account, stocks or bonds
Unrealized capital gains
Unemployment benefits
TANF (AFDC)
Pensions

Social Security, SSI, SSP
Scholarships, grants, or other aid
 used for living expenses
Disability payments
Food Stamps
Insurance settlements
Gifts

Rental or royalty income
Profit from self-employment
 (IRS form Schedule C, Line 29)
Worker's Compensation
Child Support
Spousal Support

CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DEPLOYED SERVICES MEMBER PROGRAM

This program allows the Company to provide a 15% discount to deployed service members of the United States Military.

The Company will provide the credit on the deployed service member's bill provided that the following criteria are met:

1. Deployment is not a "permanent change of station." Permanent change of station requires a service member to permanently change his or her place of residence, paid for by the applicable military branch. A service member's decision to keep a secondary residence in Arizona would be discretionary and would not qualify for this credit.
2. Deployed member does not have family living in the premises. Short term deployments, where a spouse and/or dependents remain in the United States would not qualify, as the service member would receive separate compensation from the military to cover domestic expenses while deployed.
3. The deployed service member is an active member of the military (*e.g.*, Air Force, Army, Coast Guard, Marines, and Navy), as defined by 10 U.S.C. § 101(a)(4), and includes any member of the Reserves or National Guard called to active duty.

ADMINISTRATION

1. Participation shall be determined on a first come, first served basis.
2. Each service member's eligibility must be verified based on written orders from the service member's command.
3. Continued eligibility will be determined periodically through a recertification process.
4. The Company is permitted to seek Commission approval to change participant limits based on level of participation.

CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DISABLED MILITARY VETERAN PROGRAM

This program allows the Company to provide a 15% discount to disabled military veterans of the United States Military.

The Company will provide the credit on the disabled military veteran's bill provided that the following criteria are met:

1. Disabled military veteran was honorably discharged from the armed forces.
2. Disabled military veteran must have a permanent disability rating related to their military duty service.
3. The disabled military veteran must have been an active member of the military (*e.g.*, Air Force, Army, Coast Guard, Marines, and Navy), as defined by 10 U.S.C. § 101(a)(4), and includes any member of the Reserves or National Guard called to active duty.

ADMINISTRATION

1. Participation shall be determined on a first come, first served basis.
2. Each service member's eligibility must be verified based on documentation demonstrating a medical discharge or other written documentation from the United States Department of Defense or Department of Veteran Affairs.
3. Continued eligibility will be determined periodically through a recertification process.
4. The Company is permitted to seek Commission approval to change participant limits based on level of participation.

CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

RECOVERY OF COST AND CUSTOMER SURCHARGES

JW Wastewater shall recover the CAT costs from a monthly CAT surcharge on all residential and non-residential sewer customers who are not participating in the CAT. JW Wastewater is entitled to seek recovery of direct costs (*i.e.,* those costs directly associated with the programs, which costs would not be incurred in the absence of the programs). The Company shall account for those direct costs separately from other operating costs.

JW Wastewater shall be entitled to implement a CAT surcharge on non-participating residential and non-residential sewer customers as follows.

- For customers participating in the CAT, the Company shall maintain a balancing account detailing the beginning and ending balance of the cumulative unrecovered program costs each month.
- JW Wastewater's authorized rate of return shall be applied monthly to the average of the beginning balances of the cumulative unrecovered program costs for sewer service and included in the beginning balances for the following month.
- Using the balancing account, JW Wastewater shall calculate the monthly surcharge for each customer as follows:

  (Ending Balance for CAT Balancing Account including amortized carrying costs during recovery period/Number of active non-participating sewer connections at year end)/12

- The ending balance in the balancing account shall equal the beginning balances plus discounts allowed on bills for the twelve month tracking period, plus direct program costs incurred in the twelve month period plus the return less surcharge fees billed in the twelve month tracking period.
- JW Wastewater shall implement a monthly surcharge for the CAT for each twelve-month period of the CAT. The Company shall calculate the monthly surcharge each year based on the active number of customer connections as of December 31 of the prior year. The Company shall file notice of the surcharge, along with a report on the CAT, with the Arizona Corporation Commission on or before January 31 and the surcharge shall be implemented on customer bills in February of each year with the recovery period ending in January of the following year.

SHAPIRO LAW FIRM, P.C.
Jay L. Shapiro (No. 014650)
20860 N. Tatum Boulevard, Suite 300
Phoenix, Arizona 85050
Telephone (602) 559-9575
jay@shapslawaz.com

Attorney for SaddleBrooke Utility Company

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF SADDLEBROOKE UTILITY COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: SW-02849A-26-

DIRECT TESTIMONY

OF

JILL SCHWARTZ

April 3, 2026

TABLE OF CONTENTS

I. INTRODUCTION.

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Jill Schwartz. My business address is 4720 East Cotton Gin Loop, Suite 130, Phoenix, Arizona 85040.

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

A. I am employed by JW Water Holdings, LLC ("JWW Holdco") as the Chief Operating Officer.

Q. PLEASE SUMMARIZE YOUR RESPONSIBILITIES FOR JWW HOLDCO.

A. I am directly responsible for the Rates and Regulatory and Customer Service departments.

Q. WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND?

A. In 2001, I completed my Bachelor of Science in Accounting from the John E. Simon School of Business at Maryville University in St. Louis, Missouri. From May 2001 to February 2015, I was employed by The Boeing Company in a variety of accounting capacities, ensuring compliance with the Federal Acquisition Regulation Mandatory Disclosure rule and developing and delivering labor compliance training for all Boeing employees. I joined Liberty Utilities in February 2015 as the Manager of Rates and Regulatory Affairs for Liberty Utilities (Midstates Natural Gas) Corp. In February 2017, I was promoted to Senior Manager of Rates and Regulatory Affairs for Liberty's Central Region and was responsible for the regulatory matters involving the electric, natural gas and water utilities in Missouri, Arkansas, Illinois, Iowa, Kansas and Oklahoma. In August 2019, I transitioned to the Corporate Regulatory department, where I provided support to all of Liberty's regulated operating utilities across the U.S. and Canada for the cost allocation manual and corporate cost allocations. In December 2020, I was promoted to Director of

Regulatory Shared Services and became responsible for development of the regulatory strategy and evidentiary support for corporate shared services costs and provided support for local and regional regulatory teams for rate cases and other regulatory matters. In May 2022, I was promoted to Senior Director of Regulatory Policy and Strategy, and I worked in that capacity until joining JWW Holdco in December 2024 as the Vice President of Rates and Regulatory. In March 2026, I was promoted to my current position.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION OR ANY OTHER REGULATORY AGENCY?

A. Yes. Since joining JWW Holdco, I have provided testimony before the Arizona Corporation Commission ("Commission") in rate proceedings for Verde Santa Fe Wastewater Company, Inc. ("VSF"), Pine Meadows Utilities, LLC ("PMU"), Bensch Ranch Utilities, LLC ("BRU"), Picacho Water Company ("PWC"), Picacho Sewer Company ("PSC"), Lago Del Oro Water Company ("LDO"), Quail Creek Water Company, Inc. ("QCW"), Ridgeview Utility Company ("RVU") and Pima Utility Company ("PUC"). I also provided pre-filed and live testimony before the Commission in rate cases for Liberty on issues related to shared services costs. I have also testified before public utility commissions in Arkansas, Illinois, Iowa, Kentucky, Missouri, and New York, as well as the New Brunswick Energy and Utilities Board in Canada.

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

A. I'm providing this direct testimony on behalf of SaddleBrooke Utility Company ("SBU") and Mountain Pass Utility Company ("MPU") (collectively "Applicants") which, as of November 20, 2024, are wholly owned subsidiaries of JWW Holdco.

Q. WHAT SUBJECTS WILL YOUR DIRECT TESTIMONY ADDRESS?

A. I will provide an overview of the rate filings and Applicants' intent to concurrently seek approval to borrow money to achieve and maintain a more balanced capital structure. I will also testify regarding Applicants' request to consolidate the SBU and MPU sewer systems into a single legal corporate entity, JW Wastewater Utility Company ("JW Wastewater") with a single tariff of rates and charges. Finally, I will address shared services in accordance with JWW Holdco's cost allocation manual, the JW Water Allocation Manual ("JWWAM") and how those costs are applied to Applicants.

Q. THANK YOU MS. SCHWARTZ. ARE THERE OTHER WITNESSES PROVIDING TESTIMONY IN THIS CASE ON BEHALF OF APPLICANTS?

A. Yes, the following witnesses are also providing testimony in this case:

- **Trevor Edwards**, Compliance Coordinator, discusses Applicants' sewer systems and operations and significant capital investments.
- **Cherishe Barbee**, Rates and Regulatory Manager, JWW Holdco, presents the revenue requirement calculations for Applicants, as well as proposed tariff revisions.
- **Freddie Patrick**, Customer Service Manager, JWW Holdco, addresses Applicants' recent transition of its customer service and billing system and responsibilities.
- **Thomas Bourassa**, Regulatory and Accounting Consultant, supports the proposed cost of capital, rate design, and rate case expense surcharge.

II. OVERVIEW OF RATE CASE.

Q. WHEN DID THE COMMISSION LAST SET RATES FOR APPLICANTS?

A. The base rates currently in effect for SBU were established by the Commission in Decision No. 78151 (July 28, 2021) based on a test year ending December 31, 2019. The base rates currently in effect for MPU were set by the Commission when its Certificate of Convenience and Necessity ("CC&N") was originally granted.

Q. WHY ARE APPLICANTS FILING THIS RATE CASE?

A. In November 2024, Applicants were acquired by JWW Holdco in a transaction with the "Robsons" involving eight Arizona public service corporations providing water and sewer utility service to Robson's multiple Arizona master planned communities in Maricopa, Pinal and Pima Counties. As the Commission has generally seen, the prior owners did not seek to keep rates consistent with current operating expenses or earning returns on used and useful plant investment.

MPU was formed over 25 years ago and has never had a rate case.[1] SBU's last rate case was filed in 2020 resulting in a rate decrease, and now, after six years between test years, SBU also needs a rate increase. As a result, this rate case is an opportunity to request the start of the consolidation of our wastewater providers into JW Wastewater as mentioned above. This is another important step on the path to JWW Holdco's plan to consolidate into one regulated wastewater utility and one regulated water utility to be known as JW Water Utility Company ("JW Water"). I will discuss the benefits and impacts of this consolidation request in this rate case and overall in a later section of my direct testimony.

Q. ARE BOTH APPLICANTS UNDEREARNING?

A. Yes. In SBU's last rate case, the Commission authorized an overall rate of return

---

[1] Decision No. 62757 (July 25, 2000).

of 7.24%. SBU's current rate of return for its sewer system is 1.42%.[2] MPU's first, and only, authorized rate of return was 5.00%[3]; MPU's current rate of return for its sewer system is -0.98%.[4] Simply put, Applicants' rates for wastewater utility services do not cover the cost of service or provide an opportunity to earn a return on invested plant.

As I mentioned above, SBU's current rates were set nearly five years ago based on a test year that ended six years ago, and MPU has never had a rate case since its rates were established over 25 years ago. Over just the last six years, U.S. general inflation has been approximately 26%[5] and over the last 25 years, general inflation has been approximately 88%.[6]

Q. DO THE RATE APPLICATIONS PRESENT STAND-ALONE AND CONSOLIDATED SCENARIOS?

A. Yes, as part of their applications, Applicants have provided schedules to reflect the stand-alone revenue increases for each system, as well as the proposed increase on a consolidated basis.

Q. WHAT ARE THE PROPOSED REVENUE INCREASES IN THIS CASE?

A. On a consolidated basis, JW Wastewater requires an increase in annual revenues of $2.3 million, or 66.78%.[7] If the Commission does not approve Applicants' request for consolidated rates, SBU's request would be for an increase in annual revenue of

---

[2] Direct Testimony of Cherishe Barbee ("Barbee DT"), Exhibit CB-DT1, Schedule A-1.

[3] Decision No. 62757 at 2:26-27.

[4] Barbee DT, Exhibit CB-DT2, Schedule A-1.

[5] https://www.bls.gov/data/inflation_calculator.htm, January 2020 to December 2025.

[6] https://www.bls.gov/data/inflation_calculator.htm, August 2000 to December 2025.

[7] Barbee DT, Exhibit CB-DT3, Schedule A-1.

$0.8 million, or 35.02% on a stand-alone basis.[8] MPU's request for an increase in annual revenue would be $1.5 million, or 130.85% on a stand-alone basis.[9]

Q. WHAT CAPITAL STRUCTURES AND RATES OF RETURN ARE BEING REQUESTED IN THIS CASE?

A. As reflected in schedules presented by Ms. Barbee, the proposed revenue increases are based on a 9.02% overall rate of return.[10] The requested rate of return is predicated on a capital structure consisting of 60% equity with a return of 10.80% and 40% debt with a cost of 6.34%.

Q. DO APPLICANTS' BOOKS AND RECORDS CURRENTLY REFLECT THIS CAPITAL STRUCTURE?

A. No. Neither SBU nor MPU currently have any debt. However, we intend to file financing applications seeking approval to borrow money in order to achieve and maintain a more balanced capital structure. Those applications will be filed as soon as the rate case applications are deemed sufficient. After that, we will seek for the rate case and financing applications to be processed together in one consolidated docket.

III. REQUEST FOR CONSOLIDATION.

Q. THANK YOU, MS. SCHWARTZ. YOU'VE MENTIONED THE REQUEST TO CONSOLIDATE SEVERAL TIMES. WHY SHOULD THE APPLICANTS BE CONSOLIDATED?

A. Proximity, common ownership, management and operations, enhanced opportunities for long-term rate stability and recovery, improved conditions for access to capital and good, reasonable business operations support one larger sewer

---

[8] Barbee DT, Exhibit CB-DT1, Schedule A-1.

[9] Barbee DT, Exhibit CB-DT2, Schedule A-1.

[10] Barbee DT, Exhibits CB-DT1 and CB-DT2, Schedule A-1.

utility over two. One wastewater utility provider is also preferable to eight which is how many JWW Holdco owns today and why we have an estimated five-year plan to reach consolidation into one water and one wastewater utility. With Commission approval, consolidation of SBU and MPU into JW Wastewater will be another important step in JWW Holdco's long-term consolidation strategy to promote rate stability and recovery.

Q. WHY DOES JWW HOLDCO DESIRE LONG-TERM CONSOLIDATION INTO JUST TWO PUBLIC SERVICE CORPORATIONS?

A. First, it is more efficient to run two Class A Arizona public utilities than the 16 Class B, C and D utilities we own today.[11] The ability to seek formula rates for just two entities not several utilities would illustrate this point. Even more importantly, however, without overall consolidation, we are concerned over adverse impacts as rates for water and sewer utility service continue to climb, especially for our smaller utilities that require significant capital improvements to maintain safe and reliable service. This Commission is certainly well aware of the rate shock in our recent PWC and PSC rate cases. Larger customer bases sharing the costs of service is one of the most significant ways to promote rate stability. We share the Commission's and its Staff's view that the public interest is served when customers can afford the rates necessary for utilities to recover the cost of providing critical services, which cost includes a reasonable opportunity to earn authorized returns. We firmly believe our consolidation plan is the best way to achieve these goals.

---

[11] VSF, PUC, PWC, PSC, QCW, LDO, RVU, SBU, MPU, Coronado Utilities, Inc., Goldens Shores Water Company, Inc. ("GSW"), Navajo Water Co., Inc ("NWC"), Payson Water Co., Inc. ("PAY"), Sunrise Vistas Utility Company ("SVU"), The Links at Coyote Wash Utilities, LLC ("LCW"), and Tonto Basin Water Co., Inc. ("TBW").

Q. WHAT OTHER STEPS HAVE BEEN TAKEN OR ARE PLANNED TO EFFECTUATE THIS PLAN?

A. The first step was approved by a 5-0 Commission vote in November 2025, approving the merger and consolidation of PMU and BRU into VSF. BRU had only 36 customers and PMU was just a little bigger with approximately 120 customers. Now, VSF has over 1,100 customers and the Commission was able to mitigate rate increases for two small customer bases.

The second part of the long-term plan has been the filing of rate cases for the eight recently acquired systems from the "Robsons," four of which have never had a rate case since they were formed, and the most recent rates set over five years ago using a 2019 test year. Specifically, this included rate cases for PWC and PSC which were filed in March 2025, and the Commission issued a decision in March 2026 to increase rates. Although no consolidation was requested in those cases, they were an important step in the long-term plan because we cannot logically and reasonably merge utilities with stale rates. We also filed rate cases for LDO, QCW, and RVU in August 2025 and requested to consolidate these three water utility companies. If approved those entities will be merged into JW Water, which is intended to be the single water utility we end up with if our plan succeeds and is approved by the Commission. Finally, in December 2025, we filed a rate case for PUC and requested to deconsolidate the water and sewer divisions into separate legal entities in order to set up future requests for consolidation.

So, in summary, one request for consolidation has been approved, increases for two utilities that have never had rate cases have been approved, and there are rate cases currently underway for four other JWW Holdco subsidiaries that were purchased from the Robson in November 2024.

Q. WHAT IS THE NEXT STEP PLANNED?

A. As we continue through 2026, we will evaluate the need to file rate cases for our systems in an effort to bring all of the rates closer to reasonable, which means recovering operating expenses and earning a fair return on rate base. At this time, we plan to evaluate the possible consolidation of three water utility companies (PAY, NWC, and TBW) into a single water company and the deconsolidation of another water and sewer utility (SVU) for potential water consolidation with GSW and sewer consolidation with LCW.

Q. HOW DOES ULTIMATELY MERGING DOWN TO ONE WATER AND ONE SEWER COMPANY PROMOTE RATE STABILITY?

A. As I testified earlier in this section, larger customer bases. The more customers contributing to the recovery of a revenue requirement the less impact increases have on individual customers. It is our hope that two customer bases of 25,000 customers each will be better able to mitigate the rate impacts that come with ever-increasing costs, including earning returns on necessary infrastructure investment.

Q. ISN'T THERE INHERENT SUBSIDIZATION OF THOSE CUSTOMERS WITH A HIGHER COST OF SERVICE UNDER THIS PROPOSED STRUCTURE?

A. Yes, there are one-time impacts of consolidation that can be measured in dollars, and the Commission should determine that these impacts are acceptable in the broader public interest.

Q. WHAT DO YOU MEAN BY "ONE-TIME IMPACTS"?

A. The minute a consolidation order is issued, all of the customers of the consolidated entity have the same cost of service. The so-called "subsidization" is a measure of the cost to some customers to join the group. That cost should be as small as possible and not outweigh the overall long-term benefit of consolidation.

Q. IF CUSTOMERS WILL BENEFIT, CAN'T JWW HOLDCO BRING EVERY COMPANY IN NOW AND GET THIS DONE?

A. No. It would be too much too fast, and we would be less likely to have the same equitable result we are seeking. The inadequate rates for most of the former "Robson" systems were many years in the making. We believe it is prudent to take a few years and move each system closer to rates that reflect the current costs of service in thoughtful, smaller steps that give all stakeholders a chance to participate in the process and shape the result. Make no mistake though – the desired result is rates that we are entitled to charge and customers accept are reasonable for them to pay. Utilities do not like seeking triple digit rate increases and facing the customer and regulator angst over rate shock. No public service corporation relishes quarreling with customers over rate increases, especially when the increases are justified but come as a surprise after long periods of discounted rates.

Q. HOW MANY CUSTOMERS WILL JW WASTEWATER HAVE IF THE CONSOLIDATION REQUESTED IN THIS CASE IS APPROVED?

A. Approximately 7,150. JW Wastewater will be a Class B utility.

Q. HOW WILL THE PROPOSED CONSOLIDATION IMPACT CUSTOMERS' BILLS?

A. Mr. Bourassa's direct testimony shows that all residential sewer customers will see an increase in their monthly sewer bill. However, SBU residential sewer customers will see a higher cost in their monthly bill because of consolidation and MPU residential customers will see a lesser increase because of consolidation.

Q. WHY IS IT APPROPRIATE FOR SBU CUSTOMERS TO PAY MORE UNDER THE PROPOSED CONSOLIDATION?

A. As I discussed above, this is a one-time snapshot. The question is not what the one-time bill impact is, but whether all customers benefit on the whole from consolidation. We are confident that all customers of JWW Holdco subsidiaries will benefit from the consolidations we plan, both in the short and long term.

IV. STAKEHOLDER OUTREACH.

Q. MS. SCHWARTZ, HAVE YOU ENGAGED WITH KEY STAKEHOLDERS PRIOR TO FILING THIS CASE?

A. Yes. Shortly after JWW Holdco acquired the "Robson" systems, including Applicants, I was approached by the SaddleBrooke Homeowners Associations to meet with them, introduce JWW Holdco as the new owners, and discuss planned future improvements to the water and sewer systems serving the SaddleBrooke community. I was also invited by the SaddleBrooke Public Affairs Commission ("SPAC") to make a presentation to residents in SaddleBrooke at a townhall meeting held in March 2025. After that, I was invited back to meet with the SPAC in September 2025 to meet with a small group regarding the estimated impacts of the water rate case filed by Applicants' affiliate companies, LDO, QCW and RVU. LDO and RVU are the water utilities for the customers of SBU. In December 2025, I discussed the water rate case and answered questions from the SaddleBrooke community during another townhall meeting. Finally, shortly before the filing of this rate case, I met with homeowner associations ("HOA") of SaddleBrooke and SaddleBrooke Ranch to inform them that we would be filing a rate case and requesting consolidation of the rates. I am working with the HOAs to schedule townhalls for customers in each community.

Q. HAS THERE BEEN SIGNIFICANT CUSTOMER ENGAGEMENT AT THE SADDLEBROOKE TOWNHALL MEETINGS TO DATE?

A. Yes. The first townhall meeting in March 2025 was standing room only and I would estimate over 200 customers attended the townhall in December.

Q. HAVE YOU HAD ANY OTHER ENGAGEMENT WITH STAKEHOLDERS OR CUSTOMERS IN SADDLEBROOKE?

A. Yes. As Mr. Patrick discusses throughout his testimony, Applicants have experienced a few bumps in customer service and billing following our recent system conversion. As a result, I have personally received and responded to several customer inquiries. While it is unfortunate that customers were experiencing issues with billing and payment processing for a period of time following the transition, I always welcome opportunities to speak directly with customers so that we can provide answers to their questions, address their concerns, and resolve any problems. We have made significant progress in addressing these concerns.

V. SHARED SERVICES MODEL AND COST ALLOCATION MANUAL.

Q. WHAT EXACTLY IS A SHARED SERVICES MODEL?

A. In its most basic sense, a shared services model is a business model that shares centralized resources, such as corporate administrative, financial and accounting, human resources and other business support services across an entire organization. Most utility holding companies like JWW Holdco operate their utilities with centralized shared corporate services and local management and operational control of day-to-day utility operations. Shared services models provide numerous benefits to regulated utilities, through improvements in service, communication, and production, enhanced financial, operational, and safety controls, and when implemented sensibly and overseen diligently, tend to hold costs lower over the long-term.

Q. WHAT IS A COST ALLOCATION MANUAL?

A. The National Association of Regulatory Utility Commissions ("NARUC") defines a cost allocation manual ("CAM") as an indexed compilation and documentation of a company's cost allocation policies and related procedures. More simply, a CAM explains how service company costs (in this case, the parent holding company) are assigned to affiliates, and the nature and benefits of the services provided between affiliates.

Q. AND THE JWWAM IS JWW HOLDCO'S COST ALLOCATION MANUAL?

A. Exactly. The JWWAM is a written manual that governs cost allocations between affiliated entities within the JWW Holdco organization. The JWWAM describes the services provided by JWW Holdco and sets forth the methods used to allocate the costs for those services among the benefitting entities. It is based on the NARUC Guidelines for Cost Allocations and Affiliate Transactions. The NARUC Guidelines are attached as Appendix B to the JWWAM. The JWWAM is attached to my testimony as Exhibit JS-DT1.

Q. IS THE JWWAM CONSISTENT WITH THE NARUC GUIDELINES ON AFFILIATE TRANSACTIONS?

A. Generally, yes. However, it is critical to understand that the NARUC guidelines were developed primarily to mitigate subsidization of unregulated business by regulated utilities with captive customers.[12] JWW Holdco does not own or operate any unregulated entities; our sole business is owning and operating Arizona public service corporations regulated by the Commission. Therefore, the risk of regulated entities subsidizing non-regulated ones does not exist. However, a cost allocation process should equally ensure that shareholders are not subsidizing customers by incurring unrecovered costs for the benefit of regulated utilities.

As a consequence, the following NARUC principles are embodied in the JWWAM:

---

[12] Exhibit JS-DT1, Appendix B, page 1, lines 8-11.

1. To the maximum extent practicable, costs should be directly assigned (NARUC Guidelines at 2, § B.1).
2. The general method for charging indirect costs should be on a fully allocated cost basis (NARUC Guidelines at 2, § B.2).
3. To the extent possible, all direct and allocated costs should be traceable on the books of the applicable regulated utility to the applicable Uniform System of Accounts and documentation should be available to the appropriate regulatory authority upon request (NARUC Guidelines at 2, § B.3).
4. Allocation methodologies should prevent subsidization and ensure equitable cost sharing among regulated and unregulated affiliates (NARUC Guidelines at 2-3, § B.4).
5. All costs should be classified as regulated, non-regulated, or common to both (NARUC Guidelines at 3, § B.5).
6. The primary cost driver of common costs should be identified and used to allocate the cost between regulated and non-regulated affiliates (NARUC Guidelines at 3, § B.6).
7. The indirect costs of each business unit, including the allocated costs of shared services, should be spread using relevant cost allocators (NARUC Guidelines at 3, § B.7).

Q. HOW DOES THE JWWAM ACCOMPLISH THESE VARIOUS GOALS?

A. Under the JWWAM, a utility incurs costs in two ways: (1) Assigned/Direct costs—costs incurred by one company for the exclusive benefit of one or more other companies that are directly charged to the company or companies that specifically benefited; and (2) Allocated/Indirect costs—costs incurred by one company that benefit multiple companies, but cannot be directly identified and assigned. The JWWAM sets forth the methodology and logical allocation factors that establish a reasonable link between the cost causer(s) and cost recovery.

Q. CAN YOU PROVIDE EXAMPLES?

A. Yes, Applicants directly incur costs for, including but not limited to, purchased power, chemicals, materials and supplies, and property taxes. In contrast, costs for services such as accounting, regulatory and legal are allocated to Applicants in accordance with the allocation methodology described in the JWWAM.

Q. DO THE REQUESTED REVENUE REQUIREMENTS FOR APPLICANTS INCLUDE AN ALLOCATION FOR SHARED SERVICES COSTS?

A. Yes. Adjustment No. 4 to Revenues and Expenses presented on Schedule C-2, page 5 in Exhibits CB-DT1, CB-DT2, and CB-DT3 summarizes the adjustments to the Contractual Services NARUC accounts for Accounting, Legal, Management and Other, as a result of the allocation of common costs incurred by JWW Holdco.

Q. WHAT IS THE IMPACT OF THE ADJUSTMENT FOR SHARED SERVICES COSTS ON THE PROPOSED REVENUE REQUIREMENTS?

A. As reflected on Schedule C-2, the adjustment for shared services costs under the JWW Holdco shared services model results in an increase to annual operating expenses of $684,959. This adjustment reflects Applicants' allocated share of legal, accounting and regulatory support, and shared labor costs for the JWW Holdco executive leadership team, finance, regulatory, billing, and capital planning who provide support to all JWW Holdco regulated utility companies, including SBU and MPU.

Q. HOW MUCH DID APPLICANTS PAY FOR THESE SERVICES UNDER THE PREVIOUS OWNERSHIP?

A. As reflected on Schedule C-2 of Exhibit CB-DT1, during the test year, SBU incurred $17,358 for Contractual Services related to accounting in NARUC account 732, $0 for Contractual Services related to legal in NARUC account 733 and $177,275 in Contractual Services - Other (NARUC account 736) for the administration fee billed from Robson corporate parent. MPU incurred $12,421 in NARUC account 732, $0 in NARUC account 733, and $111,502 in NARUC account 736.[13]

In my experience, it seems unlikely that all of these necessary services for accounting, billing, customer services, utility planning and management could be provided to a utility with over 7,000 customers, even on a shared basis, for approximately $320,000. It is a reasonable assumption that Robson was subsidizing the cost of running its utilities with other parts of its overall business of building and operating retirement communities.

Q. HOW DID THE PRIOR OWNERS COVER THE COST OF SERVICE IN THESE SYSTEMS?

A. I cannot say with certainty because I was not involved with the systems prior to the acquisition by JWW Holdco. However, I believe the Robson owners subsidized the cost of service in all of their systems for some extended time. I am not criticizing the previous owners. They owned the business then, had the right to make their own business decisions and undoubtedly had business interests that went beyond the returns generated by regulated utilities. JWW Holdco, in contrast, is in the business of owning and operating water and sewer utilities and those utilities need rates that recover the true costs of service and provide a reasonable opportunity to earn a return on rate base. This is what public service corporations are entitled to, no more and no less. The costs and allocation methodology presented by JWW Holdco for the shared services are reasonable, well supported and necessary for a utility holding company of our size.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

---

[13] Barbee DT, Exhibit CB-DT2, Schedule C-2, page 1.

EXHIBIT JS-DT1

JW Water Holdings, LLC
ALLOCATION MANUAL

Effective January 1, 2025

TABLE OF CONTENTS

Introduction and Purpose

JW Water Holdings, LLC ("JWW") is the sole shareholder of multiple regulated water and wastewater utility systems in Arizona. The JWW Allocation Manual ("JWWAM") provides a comprehensive explanation of the (i) origin of costs that are subject to allocation within the JWW corporate umbrella; and (ii) methodologies used to allocate such costs to ensure that all reasonable and necessary costs incurred in the provision of utility services by the regulated utilities are recorded, reported and recovered. Just and reasonable rates should provide each of the regulated utilities the opportunity to recover its costs of service and authorized returns on rate base, no more and no less.

To achieve this, the JWWAM has been prepared consistent with the *NARUC Guidelines for Cost Allocations and Affiliate Transactions* ("NARUC Guidelines"), which have been reproduced in Appendix B. Critically, JWW does not own or operate any unregulated businesses, eliminating the risk of the regulated utilities subsidizing unregulated business activities. It is also essential that intra-regulated utility subsidization be minimized through the allocation methodologies employed by JWW. These procedures also mitigate shareholder subsidization of customers by seeking to ensure that all costs incurred for the benefit of the regulated utilities are recovered through rates. JWW's allocation procedures and methodologies are rational and straightforward and result in an equitable sharing of common costs amongst the regulated utilities. These allocation methodologies produce a transparent and verifiable record for the recovery of affiliated transaction costs that benefit more than one of the regulated utilities.

Definitions

Common costs: Costs associated with services or products that are of joint benefit between regulated and non-regulated business units (parent).

Gross plant in service: Includes all plant used to serve customers regardless of the funding source.

Net plant in service: Gross plant in service + prudent capital additions – asset disposals and retirements – accumulated depreciation – contributions in aid of construction – construction work in progress = Net plant in service

Operating expenses: The costs incurred by a utility to provide safe and adequate service to its customers during a period of time. These include operating and maintenance costs (O&M), depreciation, and all taxes, including income taxes. Common cost allocations and rate case expenses are also excluded from this factor.

Origin of Costs Subject to Allocation

The sole business of JWW and all the utilities under its corporate umbrella and the primary cost driver for common costs is the operation of regulated water and wastewater utility service.

Only "common costs", costs that are incurred for the benefit of more than one, or all, of the regulated utilities under the JWW umbrella, are subject to allocation. Common costs incurred by and under JWW include, but are not intended to be limited to, services for executive, regulatory, operations, utility planning and development, accounting, finance, legal and customer service. Common costs allocated can take the form labor, materials, and purchased services. In conformance with the NARUC Guidelines, direct costs, those costs incurred for one utility, will be directly assigned to the procuring and/or benefiting entity to the extent practicable.

Allocation Methodologies

Common costs are allocated based on three (3) factors: number of customers, net plant in service[1], and operating expenses[2], with each factor equally weighted.

Factor	Weighting
Customer Count	33.33%
Utility Net Plant	33.33%
Operating Expense	33.33%
Total	100%

The three-factor allocation methodology is used to allocate common costs incurred for all JWW regulated utilities, as well as to allocate common costs incurred for the benefit of a smaller subset of the JWW utilities (e.g., the water utilities, the sewer utilities, or the River Systems).

Updating Allocations

---

[1] Net Plant does not include Contributions in Aid of Construction ("CIAC") or Construction Work in Progress ("CWIP").

[2] Operating expenses do not include depreciation expense, amortization expense, interest expense, common costs allocated to the utility, or rate case expense.

Allocation percentages, the calculation of each utility company's weighted inputs compared to the total organization, will be updated at least annually[3]based on the most recent audited financial information and other actual, year-end statistical data. Updated percentages will be effective each April 1st and remain in effect through the following March 31st. Allocation percentages will be continually reviewed and updated based on changes to and within the organization.

NARUC Compliance

The NARUC Guidelines provide that allocation methods should not result in subsidization of non-regulated services or products by regulated entities unless authorized by the jurisdictional regulatory authority.[4] The guidelines are also not intended to be rules or regulations prescribing how cost allocations and affiliate transactions are to be handled.[5] They are intended to provide a framework for regulated entities and regulatory authorities in the development of their own policies and procedures for cost allocations and affiliated transactions.

The JWWAM reflects with several of the "allocation principles" set forth in the Guidelines:

- The general method for charging indirect costs should be on a fully allocated cost basis.
- The allocation methods should apply to the regulated entity's affiliates in order to prevent subsidization from and ensure equitable cost sharing among the regulated entity and its affiliates, and vice versa.
- The primary cost driver of common costs, or a relevant proxy in the absence of a primary cost driver, should be identified and used to allocate the cost between regulated and non-regulated services or products.
- The indirect costs of each business unit, including the allocated costs of shared services, should be spread to the services or products to which they relate using relevant cost allocators.

JWWAM Oversight

---

[3] To clarify, the factors and weightings are expected to remain constant. It is the underlying information used to calculate the allocation percentages that is updated annually, such as the most recent net plant figures, or the most recent numbers of employees, for example.

[4] Appendix B, page 1, lines 8-11.

[5] Appendix B, page 1, lines 11-16.

The JWWAM applies to all JWW-affiliated entities and personnel. Employees will be required to participate in training, research, and/or other studies as required for the JWWAM and determined by management. JWW's regulatory and financial senior management and legal counsel will retain oversight responsibility, including revisions and updates.

Record Keeping

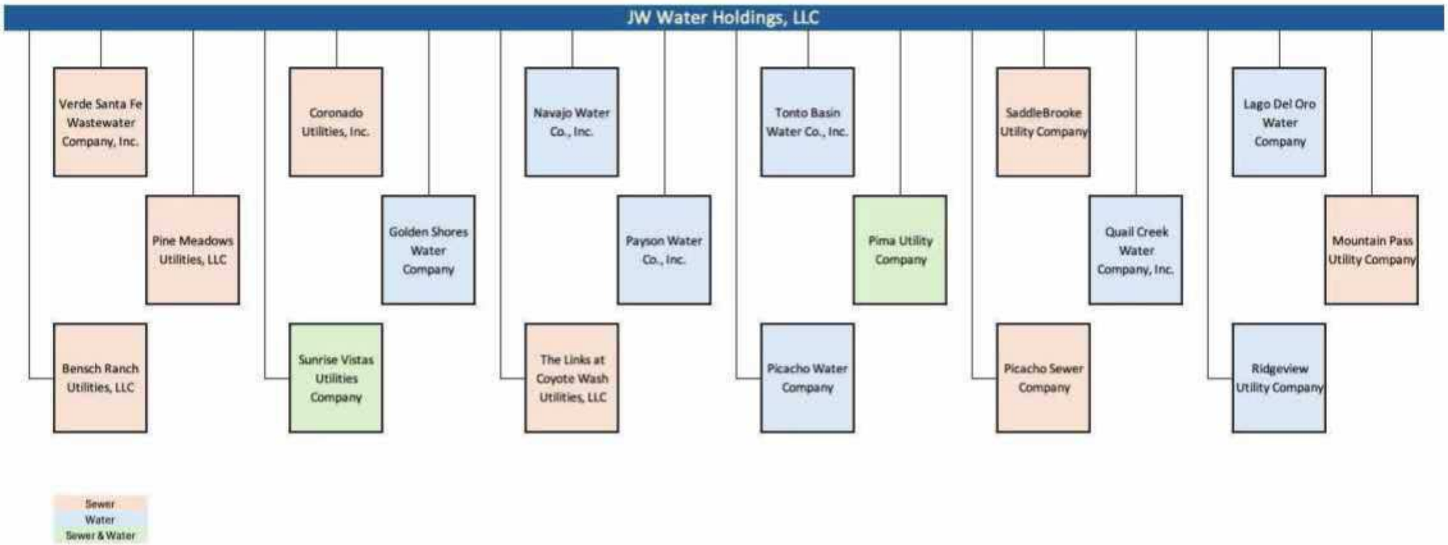
Auditable records of all affiliate transactions and the allocations to each of the regulated utilities will be maintained. JWW's recordkeeping for allocation purposes will be prepared to meet the higher scrutiny regulators are expected to pay to affiliated transactions when the records are used to support cost recovery in rate cases. Affiliate transaction records will provide the transaction cost, include descriptions of the services or products for which the costs were incurred, and identify the allocation method used. Consistent with all JWW's recordkeeping, records of affiliate transactions will be retained in the ordinary course of business and meet all legal and regulatory requirements.

Conclusion

Rational and explicable policies and procedures are critical to a well-run utility holding company and its operating utilities. This includes methods to record and allocate costs incurred for more than one regulated utility. Because JW Water is exclusively in the business of owning and operating regulated water and sewer utilities, such indirect costs should not only be intended to provide a broad range of services through economies of scale, it should mitigate both intra-regulated utility subsidization, and shareholder subsidization of customers. This is accomplished by ensuring that all reasonable and necessary operating costs are subject to recovery.

APPENDIX A

JW WATER HOLDINGS, LLC ORGANIZATIONAL CHART



APPENDIX B

NARUC GUIDELINES FOR COST ALLOCATIONS

Guidelines for Cost Allocations and Affiliate Transactions:

The following Guidelines for Cost Allocations and Affiliate Transactions (Guidelines) are intended to provide guidance to jurisdictional regulatory authorities and regulated utilities and their affiliates in the development of procedures and recording of transactions for services and products between a regulated entity and affiliates. The prevailing premise of these Guidelines is that allocation methods should not result in subsidization of non-regulated services or products by regulated entities unless authorized by the jurisdictional regulatory authority. These Guidelines are not intended to be rules or regulations prescribing how cost allocations and affiliate transactions are to be handled. They are intended to provide a framework for regulated entities and regulatory authorities in the development of their own policies and procedures for cost allocations and affiliated transactions. Variation in regulatory environment may justify different cost allocation methods than those embodied in the Guidelines.

The Guidelines acknowledge and reference the use of several different practices and methods. It is intended that there be latitude in the application of these guidelines, subject to regulatory oversight. The implementation and compliance with these cost allocations and affiliate transaction guidelines, by regulated utilities under the authority of jurisdictional regulatory commissions, is subject to Federal and state law. Each state or Federal regulatory commission may have unique situations and circumstances that govern affiliate transactions, cost allocations, and/or service or product pricing standards. For example, The Public Utility Holding Company Act of 1935 requires registered holding company systems to price "at cost" the sale of goods and services and the undertaking of construction contracts between affiliate companies.

The Guidelines were developed by the NARUC Staff Subcommittee on Accounts in compliance with the Resolution passed on March 3, 1998 entitled "Resolution Regarding Cost Allocation for the Energy Industry" which directed the Staff Subcommittee on Accounts together with the Staff Subcommittees on Strategic Issues and Gas to prepare for NARUC's consideration, "Guidelines for Energy Cost Allocations." In addition, input was requested from other industry parties. Various levels of input were obtained in the development of the Guidelines from the Edison Electric Institute, American Gas Association, Securities and Exchange Commission, the Federal Energy Regulatory Commission, Rural Utilities Service and the National Rural Electric Cooperatives Association as well as staff of various state public utility commissions.

In some instances, non-structural safeguards as contained in these guidelines may not be sufficient to prevent market power problems in strategic markets such as the generation market. Problems arise when a firm has the ability to raise prices above market for a sustained period and/or impede output of a product or service. Such concerns have led some states to develop codes of conduct to govern relationships between the regulated utility and its non-regulated affiliates. Consideration should be given to any "unique" advantages an incumbent utility would have over competitors in an emerging market such as the retail energy market. A code of conduct should be used in conjunction with guidelines on cost allocations and affiliate transactions.

A. DEFINITIONS

1. Affiliates - companies that are related to each other due to common ownership or control.

2. Attestation Engagement - one in which a certified public accountant who is in the practice of public accounting is contracted to issue a written communication that expresses a conclusion about the reliability of a written assertion that is the responsibility of another party.

3. Cost Allocation Manual (CAM) - an indexed compilation and documentation of a company's cost allocation policies and related procedures.

4. Cost Allocations - the methods or ratios used to apportion costs. A cost allocator can be based on the origin of costs, as in the case of cost drivers; cost-causative linkage of an indirect nature; or one or more overall factors (also known as general allocators).

5. Common Costs - costs associated with services or products that are of joint benefit between regulated and non-regulated business units.

6. Cost Driver - a measurable event or quantity which influences the level of costs incurred and which can be directly traced to the origin of the costs themselves.

7. Direct Costs - costs which can be specifically identified with a particular service or product.

8. Fully Allocated costs - the sum of the direct costs plus an appropriate share of indirect costs.

9. Incremental pricing - pricing services or products on a basis of only the additional costs added by their operations while one or more pre-existing services or products support the fixed costs.

10. Indirect Costs - costs that cannot be identified with a particular service or product. This includes but not limited to overhead costs, administrative and general, and taxes.

11. Non-regulated - that which is not subject to regulation by regulatory authorities.

12. Prevailing Market Pricing - a generally accepted market value that can be substantiated by clearly comparable transactions, auction or appraisal.

13. Regulated - that which is subject to regulation by regulatory authorities.

14. Subsidization - the recovery of costs from one class of customers or business unit that are attributable to another.

B. COST ALLOCATION PRINCIPLES

The following allocation principles should be used whenever products or services are provided between a regulated utility and its non-regulated affiliate or division.

1. To the maximum extent practicable, in consideration of administrative costs, costs should be collected and classified on a direct basis for each asset, service or product provided.

2. The general method for charging indirect costs should be on a fully allocated cost basis. Under appropriate circumstances, regulatory authorities may consider incremental cost, prevailing market pricing or other methods for allocating costs and pricing transactions among affiliates.

3. To the extent possible, all direct and allocated costs between regulated and non-regulated services and products should be traceable on the books of the applicable regulated utility to the applicable Uniform System of Accounts. Documentation should be made available to the appropriate regulatory authority upon request regarding transactions between the regulated utility and its affiliates.

4. The allocation methods should apply to the regulated entity's affiliates in order to prevent subsidization from, and ensure equitable cost sharing among the regulated entity and its affiliates, and vice versa.

5. All costs should be classified to services or products which, by their very nature, are either regulated, non-regulated, or common to both.

6. The primary cost driver of common costs, or a relevant proxy in the absence of a primary cost driver, should be identified and used to allocate the cost between regulated and non-regulated services or products.

7. The indirect costs of each business unit, including the allocated costs of shared services, should be spread to the services or products to which they relate using relevant cost allocators.

C. COST ALLOCATION MANUAL (NOT TARIFFED)

Each entity that provides both regulated and non-regulated services or products should maintain a cost allocation manual (CAM) or its equivalent and notify the jurisdictional regulatory authorities of the CAM's existence. The determination of what, if any, information should be held confidential should be based on the statutes and rules of the regulatory agency that requires the information. Any entity required to provide notification of a CAM(s) should make arrangements as necessary and appropriate to ensure competitively sensitive information derived therefrom be kept confidential by the regulator. At a minimum, the CAM should contain the following:

1. An organization chart of the holding company, depicting all affiliates, and regulated entities.

2. A description of all assets, services and products provided to and from the regulated entity and each of its affiliates.

3. A description of all assets, services and products provided by the regulated entity to non-affiliates.

4. A description of the cost allocators and methods used by the regulated entity and the cost allocators and methods used by its affiliates related to the regulated services and products provided to the regulated entity.

D. AFFILIATE TRANSACTIONS (NOT TARIFFED)

The affiliate transactions pricing guidelines are based on two assumptions. First, affiliate transactions raise the concern of self-dealing where market forces do not necessarily drive prices. Second, utilities have a natural business incentive to shift costs from non-regulated competitive operations to regulated monopoly operations since recovery is more certain with captive ratepayers. Too much flexibility will lead to subsidization. However, if the affiliate transaction pricing guidelines are too rigid, economic transactions may be discouraged.

The objective of the affiliate transactions' guidelines is to lessen the possibility of subsidization in order to protect monopoly ratepayers and to help establish and preserve competition in the electric generation and the electric and gas supply markets. It provides ample flexibility to accommodate exceptions where the outcome is in the best interest of the utility, its ratepayers and competition. As with any transactions, the burden of proof for any exception from the general rule rests with the proponent of the exception.

1. Generally, the price for services, products and the use of assets provided by a regulated entity to its non-regulated affiliates should be at the higher of fully allocated costs or prevailing market prices. Under appropriate circumstances, prices could be based on incremental cost, or other pricing mechanisms as determined by the regulator.

2. Generally, the price for services, products and the use of assets provided by a non-regulated affiliate to a regulated affiliate should be at the lower of fully allocated cost or prevailing market prices. Under appropriate circumstances, prices could be based on incremental cost, or other pricing mechanisms as determined by the regulator.

3. Generally, transfer of a capital asset from the utility to its non-regulated affiliate should be at the greater of prevailing market price or net book value, except as otherwise required by law or regulation. Generally, transfer of assets from an affiliate to the utility should be at the lower of prevailing market price or net book value, except as otherwise required by law or regulation. To determine prevailing market value, an appraisal should be required at certain value thresholds as determined by regulators.

4. Entities should maintain all information underlying affiliate transactions with the affiliated utility for a minimum of three years, or as required by law or regulation.

E. AUDIT REQUIREMENTS

1. An audit trail should exist with respect to all transactions between the regulated entity and its affiliates that relate to regulated services and products. The regulator should have complete access to all affiliate records necessary to ensure that cost allocations and affiliate transactions are conducted in accordance with the guidelines. Regulators should have complete access to affiliate records, consistent with state statutes, to ensure that the regulator has access to all relevant information necessary to evaluate whether subsidization exists. The auditors, not the audited utilities, should determine what information is relevant for a particular audit objective. Limitations on access would compromise the audit process and impair audit independence.

2. Each regulated entity's cost allocation documentation should be made available to the company's internal auditors for periodic review of the allocation policy and process and to any jurisdictional regulatory authority when appropriate and upon request.

3. Any jurisdictional regulatory authority may request an independent attestation engagement of the CAM. The cost of any independent attestation engagement associated with the CAM, should be shared between regulated and non-regulated operations consistent with the allocation of similar common costs.

4. Any audit of the CAM should not otherwise limit or restrict the authority of state regulatory authorities to have access to the books and records of and audit the operations of jurisdictional utilities.

5. Any entity required to provide access to its books and records should make arrangements as necessary and appropriate to ensure that competitively sensitive information derived therefrom be kept confidential by the regulator.

F. REPORTING REQUIREMENTS

1. The regulated entity should report annually the dollar amount of non-tariffed transactions associated with the provision of each service or product and the use or sale of each asset for the following:
   a. Those provided to each non-regulated affiliate.
   b. Those received from each non-regulated affiliate.
   c. Those provided to non-affiliated entities.

2. Any additional information needed to assure compliance with these Guidelines, such as cost of service data necessary to evaluate subsidization issues, should be provided.

Source:
http://www.naruc.org/Publications/Guidelines%20for%20Cost%20Allocations%20and%20Affiliate%20Transactions.pdf

SHAPIRO LAW FIRM, P.C.
Jay L. Shapiro (No. 014650)
20860 North Tatum Boulevard, Suite 300
Phoenix, Arizona 85050
Telephone (602) 559-9575
jay@shapslawaz.com

Attorney for SaddleBrooke Utility Company

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF SADDLEBROOKE UTILITY COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: SW-02849A-26-

DIRECT TESTIMONY

OF

CHRISTIAN T. EDWARDS

April 3, 2026

TABLE OF CONTENTS

I. INTRODUCTION.

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Christian T. Edwards and I go by "Trevor." My business address is 40000 South Ridgeview Boulevard, Tucson, Arizona 85739.

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

A. I am employed by JW Water Holdings, LLC as the Compliance Coordinator for SaddleBrooke Utility Company ("SBU") and Mountain Pass Utility Company ("MPU") (collectively, "Applicants"), as well as Lago Del Oro Water Company ("LDO"), Quail Creek Water Company, Inc. ("QCW"), and Ridgeview Utility Company ("RVU"). I have been the Compliance Coordinator of these five water and wastewater utilities since 2021.

Q. PLEASE SUMMARIZE YOUR CURRENT RESPONSIBILITIES AS A COMPLIANCE COORDINATOR FOR THE APPLICANTS.

A. I report directly to and work closely with the General Manager of the Applicants, Ed MacMeans, and know the two utilities very well. My duties include:

- Tracking permits and other regulations, and related record keeping
- Managing development projects
- Managing contracts with vendors
- Accounting duties including budget coding, and receiving and processing invoices
- Creating and analyzing budgets
- Corresponding with governmental agencies such as Arizona Department of Quality, Arizona Department of Water Resources ("ADWR") and Central Arizona Groundwater Replenishment District ("CAGRD")
- Compiling water consumption data for annual reporting with ADWR and CAGRD

- Communicating with customers regarding repairs, complaints, etc.
- Other administration, i.e., payroll timesheets, meter reading, and blue stake management

Q. THANK YOU, MR. EDWARDS. WERE YOU IN THE WATER OR WASTEWATER UTILITY BUSINESS BEFORE YOU BEGAN TO WORK FOR THE ROBSON UTILITIES IN 2021?

A. No. From 2006 through 2014, I held several different positions with Honeywell Aerospace. I started as a Material Handler, mainly managing department inventories and processes, assisting with parts research, and performing minor repairs. I was promoted a few times, first to an Optics Technician, then a Circuit Card Assembly Tech. In 2013, I became a Federal Aviation Administration (FAA) Quality Inspector II in which position I chiefly inspected the development and production of aircraft systems and equipment.

Then, from March 2014 through November 2015, I was a Production Expediter for Industrial Tool & Engineering. In that capacity, I worked closely with suppliers and functioned as a liaison with regard to purchasing, engineering, inspection, accounting and finance, warehouse and logistics. From November 2015 through December 2020, I was a Community Justice Unit Coordinator with the Pima County Attorney's Office. In that position, among other things, I managed caseloads and coordinated the processing of applications, fingerprinting, and background checks; conducted interviews and orientations for volunteers; coordinated intern positions; implemented volunteer recruitment and retention strategies; and planned quarterly trainings.

Q. DO YOU HAVE ANY CERTIFICATIONS OR OTHER CREDENTIALS IN THE WATER/WASTEWATER UTILITY INDUSTRY?

A. I have earned ADEQ Grade 2 certifications in Water Distribution and Grade 1 certifications in Water Treatment and Wastewater Treatment. I have also obtained an Occupational Safety and Health Administration ("OSHA") 30-hour certification and an OSHA certification for Competent Person in Excavation and Trench safety.

Q. HAVE YOU PREVIOUSLY TESTIFIED?

A. I provided written direct testimony before the Arizona Corporation Commission ("Commission") in the pending, consolidated rate and financing proceedings for LDO, QCW, and RVU (Docket No. W-02514A-25-0192, et al.).

Q. WHAT TOPICS ARE YOU ADDRESSING IN THIS DIRECT TESTIMONY?

A. I will describe and discuss Applicants' sewer systems, operations and capital investments made and upcoming for each.

II. DESCRIPTION OF THE APPLICANTS.

A. Brief Overview.

Q. WHERE IS SBU LOCATED?

A. SBU provides wastewater utility service to the SaddleBrooke master planned community located approximately 25 miles from Tucson, Arizona in Pinal County.

Q. HOW MANY CUSTOMERS DOES SBU SERVE?

A. SBU provided wastewater utility service to approximately 5,300 customers during the test year. SBU's customer base is primarily residential customers, with a small number of commercial customers.

Q. WHAT AREA OF ARIZONA DOES MPU SERVE?

A. MPU provides sewer service to SaddleBrooke Ranch located northeast of Oracle Junction in Pinal County.

Q. HOW MANY CUSTOMERS DOES MPU HAVE?

A. As of the end of the test year, MPU served roughly 1,800 customers, mostly residential with some light commercial uses.

B. Description of Applicants' Systems.

1. SBU.

Q. PLEASE DESCRIBE SBU'S SYSTEM.

A. The Certificate of Convenience and Necessity ("CC&N") to provide sewer services to the SaddleBrooke community was granted by the Commission in September 1987[1] to SaddleBrooke Development Company. In June 1995, the Commission approved the sale of assets and transfer of the CC&N to SBU.[2]

SBU's wastewater operations are integrated with the water utility system and operations of its affiliates, LDO and RVU, so that water and wastewater service is provided on an integrated basis to SBU's customers that also receive water service from either LDO or RVU.

All wastewater from SaddleBrooke is treated at SBU's wastewater treatment plant, an extended aeration facility located adjacent to the SaddleBrooke development which is fed by gravity collection system with over 54 miles of gravity sewers, nine lift stations, nearly four miles of force mains, and over 5,000 service connections. Primary treatment is performed at a headworks consisting of a metering flume, grit chamber, sewage grinder, and influent pump station. The influent pump station directs flow to either of two independent treatment trains providing secondary treatment. Each treatment train includes anoxic zones, an extended aeration basin, a clarifier and an aerobic digester. After clarification, sewage flows to an equalization tank prior to tertiary treatment. Tertiary treatment is provided by dual media filters and ultraviolet disinfection. The treatment facility includes backup power and ancillary facilities as required to provide safe and reliable service to SBU's customers.

---

[1] Decision No. 55746 (September 25, 1987).

[2] Decision No. 59131 (June 27, 1995).

Treatment produces A+ effluent. SBU has permits allowing the effluent to be reused, recharged or discharged via an adjacent wash. The effluent handling facilities include an effluent pump station, recharge ponds, equalization basin and a reuse pump station. An aquifer storage and recovery well (ASR Well) provide additional recharge capacity and recovery of stored effluent for reuse.

Q. HOW MUCH EFFLUENT DOES SBU'S WASTEWATER TREATMENT PLANT PRODUCE ANNUALLY?

A. In 2025, SBU's wastewater treatment plant produced 141,336,000 gallons of effluent.

Q. WHAT DOES SBU DO WITH ITS EFFLUENT?

A. SBU's effluent is primarily delivered to the golf courses for irrigation and lakes in the Preserve and Mountain View or SaddleBrooke. If the golf courses do not need the effluent it is discharged to SBU's recharge basins. Or, as a last resort, effluent may be discharged to a nearby wash specified in the Arizona Pollutant Discharge Elimination System permit.

Q. DOES SBU HAVE OPERATIONAL PROCEDURES TO ENSURE SYSTEM PERFORMANCE AND RELIABILITY?

A. Yes, SBU has a robust collection system maintenance program that includes weekly checks of all lift stations, bi-annual vacuum cleaning of all lift stations and full inspection of the collection system twice per year, and routine cleaning of the collection system using SBU's Vac-Con truck. SBU also drains, inspects, cleans and rehabilitates equipment at the treatment plant on a regular basis.

Q. HAVE THERE BEEN ANY SIGNIFICANT IMPROVEMENTS MADE TO SBU'S WASTEWATER SYSTEM SINCE THE LAST RATE CASE?

A. Yes. SBU's last rate case utilized a 2019 historic test year and since then SBU has invested nearly $1.1 million in plant to provide wastewater utility service to its customers. Nearly $0.4 million of pumping equipment was added from 2020 through September 2025, over $0.3 million has been invested in the gravity collection system, nearly $0.2 million invested in services, $0.1 million in computers and software, and approximately $0.1 million in other plant.

Q. IS SBU PROPOSING ANY POST-TEST YEAR PLANT ("PTYP") IN THIS CASE?

A. Yes. Since the end of the historic test year ended September 30, 2025, SBU expects to complete approximately $2.3 million of additional improvements in the 12-month post-test year period. This PTYP includes $0.8 million for generators to ensure systems can continue to operate in the event of a power outage; $0.7 million in treatment and disposal equipment for upgrades to the ultra violet ("UV") system, replacement of filters and airlines, and repairs to the centrifuge; $0.3 million for SBU's allocated share of a new vac truck; $0.2 million to install safety nets for all lift station and a shade structure to protect the UV equipment; and $0.3 million in other improvements.

Q. SO, OVER SIX YEARS SBU INVESTED A LITTLE OVER A MILLION DOLLARS IN NEW PLANT AND NOW SBU HAS OVER $2.3 MILLION OF PTYP?

A. Yes. The PTYP projects are all underway and expected to be completed within 12 months following the end of the test year.

Q. IS SBU CURRENTLY IN COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS GOVERNING WASTEWATER UTILITY SERVICE BY AN ARIZONA PUBLIC SERVICE CORPORATION?

A. Yes, to the best of our knowledge.

Q. ARE THERE ANY OTHER MATTERS THAT MIGHT ADVERSELY IMPACT SBU'S CONTINUED PROVISION OF WASTEWATER UTILITY SERVICE OR THE SETTING OF RATES?

A. We're not aware of anything at this time.

2. <u>MPU</u>.

Q. PLEASE DESCRIBE MPU'S SYSTEM.

A. Wastewater treatment is provided using a biological activated sludge process configured for nutrient removal. Influent wastewater is treated in aeration basins where microorganisms metabolize organic matter and convert ammonia to nitrate. An anoxic zone is incorporated to facilitate denitrification, reducing total nitrogen concentrations. Following biological treatment, the mixed liquor is clarified to separate treated effluent from biomass, with a portion of settled solids returned to maintain process stability. The clarified effluent is then subjected to tertiary filtration and disinfection, producing a high-quality effluent suitable for reuse or compliant discharge.

The Commission granted MPU its CC&N in July 2000[3] and MPU began providing service to its first customer 2006.

Q. DOES MPU PRODUCE ANY EFFLUENT?

A. Yes. All MPU's effluent is delivered to the golf course at SaddleBrooke Ranch.

Q. HAVE THERE BEEN ANY SIGNIFICANT CAPITAL IMPROVEMENTS SINCE MPU OBTAINED A CC&N?

A. Yes. As Ms. Schwartz discussed in her direct testimony, when MPU's CC&N was granted and the current rates were established, they were based on a utility rate base of $5.2 million.[4] As reflected in the revenue requirement presented by Ms. Barbee,

---

[3] Decision No. 62757 (July 25, 2000).

[4] *Id.*

at the end of the historic test year in this rate case, MPU will have invested approximately $12.5 million in used and useful plant in service to provide safe and reliable sewer service to its customers.[5] Specifically, MPU has invested $5.2 million in its collection system, another $5.2 million in the treatment and disposal equipment, and $1.9 million in services for its 1,800 customers.

Q. HAS MPU PROPOSED ANY PTYP IN THIS CASE?

A. Yes. MPU expects to complete an additional $0.8 million in improvements in the 12-month period following the end of the historic test period in this rate case. Included in the PTYP is $0.3 million for a new generator and $0.2 million for MPU's allocated share of the new vac truck.

Q. IS MPU IN COMPLIANCE WITH ALL APPLICABLE LAWS AND REGULATIONS GOVERNING WASTEWATER UTILITY SERVICE?

A. As far as we are aware, yes.

Q. ARE THERE ANY OTHER MATTERS IMPACTING MPU'S CONTINUED PROVISION OF WASTEWATER UTILITY SERVICE OR THE SETTING OF RATES IN THIS CASE YOU WISH TO ADDRESS AT THIS TIME?

A. No.

Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

---

[5] *See* Direct Testimony of Cherishe Barbee at 7:20 – 8:6.

SHAPIRO LAW FIRM, P.C.
Jay L. Shapiro (No. 014650)
20860 North Tatum Boulevard, Suite 300
Phoenix, Arizona 85050
Telephone (602) 559-9575
jay@shapslawaz.com

Attorney for SaddleBrooke Utility Company

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF SADDLEBROOKE UTILITY COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: SW-02849A-26-

DIRECT TESTIMONY

OF

CHERISHE BARBEE

April 3, 2026

TABLE OF CONTENTS

I. INTRODUCTION AND PURPOSE OF TESTIMONY.

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Cherishe Barbee. My business address is 4720 East Cotton Gin Loop, Suite 130, Phoenix, Arizona 85040.

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

A. I am employed by JW Water Holdings, LLC ("JWW Holdco") as the Rates and Regulatory Manager.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.

A. In 2016, I completed my Bachelor of Science in Business Administration with a major in accounting from Southeast Missouri State University. I was hired by Liberty Utilities ("Liberty") as a Regulatory Intern prior to graduating college and accepted a full-time position as a Regulatory Analyst after graduating. In 2019, I was promoted to Senior Analyst of Rates and Regulatory Affairs. From 2019 to 2021, I provided regulatory support to Liberty's Arizona and Texas utilities. In 2021, I transitioned to Liberty's corporate regulatory team where I provided support to all of Liberty's regulated utility companies related to the corporate shared services model. In addition, I supported the development of revenue requirement calculations in rate cases in New York and New Hampshire. In December 2024, I was hired by JWW Holdco.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?

A. Yes, I provided written and live testimony in JWW Holdco's recent consolidated rate cases for Bensch Ranch Utilities, LLC, Pine Meadows Utilities, LLC, and Verde Santa Fe Wastewater Company, Inc. (Docket No. SW-04026A-24-0275, *et al.*), and Picacho Water Company's and Picacho Sewer Company's consolidated rate cases (Docket No. W-03528A-25-0056, et al.). In addition, I provided written direct testimony in the pending consolidated rate cases for Lago Del Oro Water Company, Quail Creek Water Company, Inc. and Ridgeview Utility Company (Docket No. W-02514A-25-0192, *et al.*) and expect to appear live to provide testimony as well in June 2026. Finally, I provided written direct testimony in the pending rate cases for Pima Utility Company. I also provided written testimony in Liberty's 2021 Gold Canyon rate case (Docket No. SW-02519A-21-0361, *et al.*).

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

A. My direct testimony is being filed simultaneously in two dockets on behalf of SaddleBrooke Utility Company ("SBU") and Mountain Pass Utility Company ("MPU"). In my testimony, I may refer to SBU and MPU separately or collectively as "Applicants," and also refer to the single, consolidated future entity as "JW Wastewater Utility Company" or "JW Wastewater." As explained by Ms. Schwartz, the Applicants will request that these rate cases for SBU and MPU be consolidated so that the Commission can consider the request to merge them into one single sewer utility company to be known as JW Wastewater with one set of rates for all its customers.

Q. WHAT IS THE SCOPE OF YOUR DIRECT TESTIMONY IN THIS PROCEEDING?

A. My direct testimony presents the overall revenue requirement, including rate base and income statement (revenue and operating expenses), and the corresponding adjustments to the test year, in order to present rates for each of the Applicants on a stand-alone basis and as consolidated. In addition, my testimony addresses changes Applicants recommend be made to the tariffs of rates and charges.

Q. ARE YOU SPONSORING ANY SCHEDULES WITH YOUR TESTIMONY?

A. Yes. **Exhibit CB-DT1** provides the stand-alone SBU revenue requirement model, **Exhibit CB-DT2** presents the stand-alone MPU revenue requirement model, and

Exhibit CB-DT3 depicts the consolidated, JW Wastewater revenue requirement model. From each of my exhibits, I prepared and am sponsoring the following schedules:

- **A Schedules** (Revenue Increase and Financial Summary)
- **B Schedules** (Rate Base)
- **C Schedules** (Income Statement)
- **E Schedules** (Historical Financial Results)
- **F Schedules** (Projected Financial Results)

D Schedules (Cost of Capital) and **H Schedules** (Rate Design) will be supported and sponsored by Thomas J. Bourassa.

Q. WAS THE INFORMATION CONTAINED IN THE SCHEDULES OBTAINED OR DERIVED FROM THE BOOKS AND RECORDS OF THE APPLICANTS?

A. Yes. The information contained in the schedules I am sponsoring was obtained or derived individually from the books and records of SBU and MPU for the twelve months ended September 30, 2025, with proposed adjustments for known and measurable changes to the test year.

Q. ARE YOU SUBMITTING IDENTICAL TESTIMONY IN BOTH DOCKETS?

A. Yes, an identical version of my direct testimony is being filed in the two dockets. As explained, this testimony covers the Applicants on a stand-alone and on a consolidated basis.

II. REVENUE REQUIREMENT MODEL, RATE BASE AND INCOME STATEMENT SCHEDULES.

A. Summary Schedules.

Q. PLEASE DESCRIBE THE A SCHEDULES.

A. The A-1 Schedule presents a summary of the overall revenue requirement calculation, including the rate base, operating income, current operating margin, required operating margin, operating income deficiency, and the increase in gross revenue. The return on rate base, proposed increase in the revenue requirement, and revenues both at the present and proposed customer classifications are also shown on this schedule.

The A-2 Schedule is a summary of the results of operations for the test year, prior years, and a projected year at present rates and proposed rates.

Although not required, the A-3 Schedule contains the capital structure for the test year and the two prior years.

Schedule A-4 contains the plant construction and plant-in-service ("PIS") for the test year and prior years. The projected plant additions are also shown on this schedule.

Q. WHAT IS THE STAND-ALONE REVENUE REQUIREMENT REQUESTED BY SBU IN THIS CASE?

A. As reflected on Schedule A-1 of Exhibit CB-DT1, SBU's overall revenue requirement, on a stand-alone basis, is $3,122,615, which includes a proposed increase in annual revenues of $809,952 or 35.02%.

Q. WHAT IS THE STAND-ALONE REVENUE REQUIREMENT REQUESTED BY MPU IN THIS CASE?

A. As reflected on Schedule A-1 of Exhibit CB-DT2, MPU's overall revenue requirement is $2,632,434. On a stand-alone basis, MPU's overall revenue requirement includes an increase in annual revenues of $1,492,124 or 130.85%.

Q. THANK YOU, MS. BARBEE. WHAT IS THE TOTAL REVENUE REQUIREMENT AND REVENUE INCREASE ON A CONSOLIDATED BASIS?

A. Schedule A-1 in Exhibit CB-DT3 reflects the consolidated, total revenue requirement for JW Wastewater of $5,758,829. On a consolidated basis, the Applicants require an increase in annual revenues of $2,305,858 or 66.78%.

B. Rate Base Schedules.

Q. PLEASE DESCRIBE THE B SCHEDULES.

A. Schedule B-1 presents a summary of the Applicants' original cost rate base, as well as the fair value rate base.

Schedule B-2, page 1 reflects the rate base at the end of the test year, a summary of the proforma adjustments, and the resulting adjusted rate base. The details of the B-2 Schedule will be discussed further in my testimony below.

Applicants have not included Schedules B-3 or B-4 because Applicants are requesting that the original cost rate base be used as its fair value rate base.

The B-5 Schedule reflects Applicants' cash working capital allowance as described below.

i. SBU Rate Base

Q. WHAT IS SBU'S PROPOSED RATE BASE?

A. SBU's proposed rate base is $7,919,296, as reflected on Schedule B-1 of Exhibit CB-DT1. The proposed rate base is comprised of the test year rate base of $6,004,777 and proforma adjustments totaling $1,914,519 as summarized on Schedule B-2, page 1. Schedule B-2, pages 2 through 5, provide the details of the proposed proforma adjustments to rate base. The rate base is based on original cost and SBU agrees to use original cost as fair value rate base in this rate case.

Q. PLEASE DISCUSS THE PROFORMA ADJUSTMENTS TO RATE BASE.

A. SBU proposes four rate base adjustments. The first adjustment is to PIS. The second is to accumulated depreciation ("AD"), the third is to prepayments and the fourth adjustment is for cash working capital.

Q. PLEASE DESCRIBE THE PLANT ADJUSTMENT.

A. The adjustment to PIS, Adjustment 1, includes a post-test year plant ("PTYP") adjustment, a plant retirements adjustment, and a reconciling adjustment. The PTYP adjustment reflected on Schedule B-2, page 3.1, includes PTYP expected to be completed, in service, used and useful within twelve months of the end of the test year or through the end of September 2026, as discussed in more detail by Mr. Edwards.[1] The second part of this adjustment, as shown on Schedule B-2, page 3.2, updates the rate base to account for asset retirements that were not recorded in the general ledger. The third part of this adjustment, as shown on Schedule B-2, page 3.3, reconciles the balances of PIS recorded in the general ledger at the end of the test year and adjusted for PTYP to the reconstruction of the PIS balance in the Vintage B-2 Schedules.

Q. THANK YOU. PLEASE DESCRIBE THE ADJUSTMENT TO AD.

A. Adjustment 2 to SBU's rate base is an adjustment to AD. Consistent with the plant adjustment, the adjustment to AD has three parts. The first part is an adjustment to AD associated with the PTYP, as reflected on Schedule B-2, page 4.1. The second part of the adjustment is associated with the retirements as shown on Schedule B-2, page 4.2. The third part of the adjustment is an adjustment to reconcile to the reconstruction of AD as reflected in the Vintage B-2 Schedule.

Q. EARLIER YOU TESTIFIED THAT THE THIRD RATE BASE ADJUSTMENT IS TO PREPAYMENTS. PLEASE DESCRIBE THIS ADJUSTMENT.

A. During the preparation of the revenue requirement and rate base, the Applicants analyzed the prepayments costs recorded to the general ledger during the test year

---

[1] Direct Testimony Christian T. Edwards ("Edwards DT") at 6:5-20.

and discovered that there were a few entries that were incorrect. This adjustment is to correct the costs recorded in the account for the test year.

Q. PLEASE DISCUSS THE FOURTH RATE BASE ADJUSTMENT REGARDING WORKING CAPITAL.

A. Adjustment 4 increases SBU's rate base for the amount of cash working capital needed as determined by the Lead-Lag study completed for this case by Mr. Bourassa.

ii. MPU Rate Base

Q. WHAT IS MPU'S PROPOSED RATE BASE?

A. MPU's proposed rate base is $11,053,967, as reflected on Schedule B-1 of Exhibit CB-DT2. The proposed rate base is comprised of the test year rate base of $10,053,863 and proforma adjustments totaling $1,000,105 as summarized on Schedule B-2, page 1. Schedule B-2, pages 2 through 5, provide the details of the proposed proforma adjustments to rate base. Like SBU, MPU uses original cost rate base as fair value rate base in this rate case.

Q. PLEASE DISCUSS THE PROFORMA ADJUSTMENTS TO RATE BASE.

A. MPU proposes four rate base adjustments: 1) an adjustment to PIS, 2) an adjustment to AD, 3) an adjustment to prepayments, and 4) an adjustment to cash working capital.

Q. PLEASE DESCRIBE MPU'S ADJUSTMENT TO PIS.

A. The adjustment to PIS, Adjustment 1, includes a PTYP adjustment, a plant retirements adjustment, and a reconciling adjustment. The PTYP adjustment reflected on Schedule B-2, page 3.1, includes PTYP expected to be completed, in service, used and useful within twelve months of the end of the test year or through the end of September 2026, as discussed in more detail by Mr. Edwards.[2] The second part of this adjustment, as shown on Schedule B-2, page 3.2, accounts for asset retirements that are not recorded in the general ledger. The third part of this adjustment, as shown on Schedule B-2, page 3.3, reconciles the balances of PIS recorded in the general ledger at the end of the test year and adjusted for PTYP to the reconstruction of the PIS balance in the Vintage B-2 Schedules.

Q. HAVE YOU MADE ANY ADJUSTMENTS TO AD?

A. Yes, similar to the adjustment made for SBU, there is an adjustment to MPU's AD. Consistent with the plant adjustment, the adjustment to AD has three parts. The first part is an adjustment to AD associated with the PTYP, as reflected on Schedule B-2, page 4.1. The second part of the adjustment is associated with the retirements as shown on Schedule B-2, page 4.2. The third part of the adjustment is an adjustment to reconcile to the reconstruction of AD as reflected in the Vintage B-2 Schedule.

Q. IS THE ADJUSTMENT TO MPU'S PREPAYMENTS ACCOUNT SIMILAR TO THE SBU ADJUSTMENT TO PREPAYMENTS?

A. Yes. The adjustment is to correct the costs included in the test year for prepayments.

Q. IS THE CASH WORKING CAPITAL ADJUSTMENT FOR MPU ALSO CALCULATED CONSISTENT WITH THE ADJUSTMENT FOR SBU?

A. Yes.

iii. JW Wastewater Rate Base

Q. WHAT IS THE CONSOLIDATED RATE BASE PROPOSED FOR JW WASTEWATER?

A. JW Wastewater's proposed rate base is $18,977,646, as reflected on Schedule B-1 of Exhibit CB-DT4. The proposed rate base is comprised of the consolidated test

---

[2] Edwards DT at 8:6-10.

year rate base of $16,058,641 and proforma adjustments totaling $2,919,005 as summarized on Schedule B-2, page 1. Schedule B-2, pages 2 through 5, provide the details of the proposed proforma adjustments to rate base.

Q. PLEASE DISCUSS THE PROFORMA ADJUSTMENTS TO THE PROPOSED JW WASTEWATER RATE BASE.

A. The same adjustments to rate base as proposed for Applicants' rate bases on a stand-alone basis are proposed for the consolidated entity.

The first proforma rate base adjustment (Adjustment 1) reflected on Schedule B-2, page 3.1, includes PTYP and adjusts the PIS recorded in the general ledger to the reconstruction of JW Wastewater's proposed PIS balance, which is the combination of the two individual Vintage B-2 Schedules.

Adjustment 2 reflected on Schedule B-2, page 4 summarizes the proforma adjustments to AD, which includes depreciation on PTYP, profroma retirement adjustments and adjusts the AD recorded in the general ledger to the reconstruction of JW Wastewater's AD, which is the combination of the two individual Vintage B-2 Schedules.

Consistent with the stand-alone calculations, Adjustment 3 adjusts prepayments recorded in the general ledger.

Adjustment 4 reflected on JW Wastewater's Schedule B-2, page 2, summarizes the cash working capital adjustment as a result of the Lead-Lag study shown on Schedule B-5.

C. <u>Income Statement Schedules</u>.

Q. PLEASE DESCRIBE THE C SCHEDULES AND ADJUSTMENTS.

A. Schedule C-1, page 1, summarizes the test year actual and adjusted revenues and expenses. Schedule C-2, page 1 summarizes the individual adjustments to test year revenues and expenses. Schedule C-3 reflects the calculation of the Gross Revenue Conversion Factor which is used to gross up the operating income deficiency.

i. SBU Operating Income

Q. WHAT IS SBU'S OPERATING INCOME?

A. As reflected on Exhibit CB-DT1, Schedule C-1, page 1, for the historic test year, SBU operating income was $112,478 based on operating expenses of $2,200,184 and revenues of $2,312,662. The current rate of return reflected on Schedule A-1 is 1.42%.

Q. PLEASE DISCUSS THE PROFORMA ADJUSTMENTS TO SBU'S INCOME STATEMENT.

A. The proforma adjustments are summarized on Schedule C-2, page 1 of Exhibit CB-DT1.

SBU Adjustment 1 to the income statement annualizes the depreciation expense. The depreciation rates used for each utility plant account are reflected on Schedule C-2, page 2. In this case, the Applicants propose to adopt Staff's recommended depreciation rates for water companies.[3]

SBU Adjustment 2 increases property taxes based on proposed revenues calculated using the Arizona Department of Revenue's ("ADOR") valuation method using 2025 property tax rates. The details of the computation are shown on Schedule C-2, page 3.

SBU Adjustment 3 annualizes revenues to reflect revenues based on the test year-end billing determinants, as shown on Schedule C-2, page 4.

---

[3] Staff's recommended depreciation rates were set in a Staff Memorandum dated February 8, 2016.

SBU Adjustment 4, presented on Schedule C-2, page 5, adjusts certain contractual services expenses based on the allocation methodology discussed in the direct testimony of Jill Schwartz.[4]

SBU Adjustment 5 adjusts the test year bad debt expense to reflect the estimated bad debt expense based on three years of historical data and the proposed increase in revenues. The details of this computation are shown on Schedule C-2, page 6.

SBU Adjustment 6 reduces purchased power expense by reclassing cost that was recorded incorrectly to NARUC 715 – Purchased Power, to the appropriate account, NARUC 716 – Fuel for Power Production.

SBU Adjustment 7 removes lates fees that were recorded in the test year which SBU believes are not appropriate to include in the revenue requirement.

SBU Adjustment 8 removes salaries and wages expense that was for officers under prior ownership.

SBU Adjustment 9 adjusts interest expense to reflect interest synchronization with rate base as shown on Schedule C-2, page 10.

SBU Adjustment 10 reflects income taxes based upon SBU's adjusted test year revenues and expenses. The income tax calculations are shown on Schedule C-2 page 11, and Schedule C-3, page 2.

ii. MPU Operating Income

Q. WHAT IS MPU'S OPERATING INCOME?

A. As reflected on Exhibit CB-DT2, Schedule C-1, page 1, for the historic test year, MPU's test year operating loss was $108,867 based on operating expenses of

---

[4] Direct Testimony of Jill Schwartz ("Schwartz DT") at 12:11 – 14:24.

$1,249,176 and revenues of $1,140,309. The current rate of return, as reflected on Schedule A-1, is -0.98%.

Q. PLEASE DISCUSS THE PROFORMA ADJUSTMENTS TO MPU'S INCOME STATEMENT.

A. MPU Adjustment 1 to the income statement presented on Schedule C-2 annualizes the depreciation expense. The depreciation rates used for each utility plant account are reflected on Schedule C-2, page 2. Consistent with SBU, MPU is proposing the use of Staff's recommended depreciation rates and amortization of Contributions In Aid of Construction at the composite depreciation rate of depreciable plant.

MPU Adjustment 2 reflected on Schedule C-2 increases property taxes based on proposed revenues calculated using the ADOR valuation method using 2025 property tax rates. The details of the computation are shown on Schedule C-2, page 3.

MPU Adjustment 3 annualizes revenues to reflect revenues based on the test year-end billing determinants, as shown on Schedule C-2, page 4.

MPU Adjustment 4, presented on Schedule C-2, page 5, adjusts certain contractual services expenses following the JWW Holdco allocation methodology.[5]

MPU Adjustment 5 adjusts the test year bad debt expense to reflect the bad debt expense MPU anticipates annually based on three years of historical data and the proposed increase revenues. The details of this computation are shown on Schedule C-2, page 6.

MPU Adjustment 6 removes late fees that were recorded in the test year which MPU believes are not appropriate to include in the revenue requirement.

---

[5] *Id.*

MPU Adjustment 7 removes salaries and wages expense that was for officers under prior ownership.

MPU Adjustment 8 adjusts interest expense to reflect interest synchronization with rate base as shown on Schedule C-2, page 9.

SBU Adjustment 9 reflects income taxes based upon SBU's adjusted test year revenues and expenses. The income tax calculations are shown on Schedule C-2 page 10, and Schedule C-3, page 2.

iii. JW Wastewater Operating Income

Q. WHAT IS JW WASTEWATER'S PROPOSED OPERATING INCOME?

A. As reflected on Exhibit CB-DT3, Schedule C-1, page 1, for the historic test year, JW Wastewater's test year operating income was $645 based on operating expenses of $3,452,327 and revenues of $3,452,972. As reflected on Schedule A-1, JW Wastewater's current rate of return is 0.00%.

Q. PLEASE DISCUSS THE PROFORMA ADJUSTMENTS TO THE CONSOLIDATED INCOME STATEMENT.

A. As reflected in Exhibit CB-DT3, all the proposed proforma adjustments to operating income for JW Wastewater are consistent with the proposed adjustments to operating income for the Applicants on a stand-alone basis. More specifically, Adjustment 1 annualizes the depreciation and amortization expense. Adjustment 2 increases property taxes based on proposed revenues calculated using the ADOR valuation method using 2025 property tax rates. Adjustment 3 annualizes revenues based on test year-end billing determinants. Adjustment 4 adjusts certain contractual services expenses based on the cost allocation methodology proposed and discussed by Jill Schwartz.[6] Adjustment 5 adjusts bad debt expense based on

---

[6] *Id.*

historical data. Adjustment 6 reclassifies costs incorrectly recorded to purchased power expense. Adjustment 7 removes late fees. Adjustment 8 removes salaries and wages expense for officers under prior ownership. Adjustment 9 adjusts interest expense to reflect interest synchronization with rate base. Adjustment 10 reflects income taxes based upon JW Wastewater's consolidated, adjusted test year revenues and expenses, as proposed.

D. **Financial Statement Schedules**.

Q. PLEASE DESCRIBE THE E SCHEDULES.

A. The E Schedules are based on SBU's and MPU's actual operating results, as reported in annual reports filed with the Commission. Schedule E-1 provides comparative balance sheet data for the years ending September 30, 2023, and September 30, 2024 and the historic test year, September 30, 2025.

Schedule E-2 presents the Applicants' comparative income statements for the years ending September 30, 2023 and September 30, 2024 and the historic test year, September 30, 2025.

Schedule E-3 presents the Applicants' comparative statements of cash flows for the years ending September 30, 2023 and September 30, 2024 and the historic test year, September 30, 2025.

Schedule E-4 provides the statement of changes in stockholder's equity for September 30, 2022 through September 30, 2025.

Schedule E-5 provides the breakdown of PIS by account at the end of the historic test year, September 30, 2025, and the prior year.

Schedule E-7 provides stand-alone operating statistics for the years ending September 30, 2023, September 30, 2024 and September 30, 2025 for SBU and MPU.

Schedule E-8 summarizes the income taxes, payroll taxes and property taxes charged to operations for the years ending September 30, 2023 and September 30, 2024 and the historic test year, September 30, 2025.

Schedule E-9 provides notes to the Applicants' financial statements.

Q. PLEASE DESCRIBE THE F SCHEDULES.

A. Schedule F-1 reflects the results of operations at the present rates (actual and adjusted), and at proposed rates.

Schedule F-2 presents statements of changes in financial position at present and proposed rates.

Schedule F-3 provides the projected construction requirements for the test year, 2026 and 2027.

Schedule F-4 contains the assumptions used in developing the adjustments and projections contained in the Applicants' rate filings, as well as the proposed consolidated JW Wastewater rate filing.

III. TARIFF REVISIONS.

Q. APPLICANTS PROPOSE A SINGLE TARIFF FOR THE CONSOLIDATED ENTITY, JW WASTEWATER, CORRECT?

A. Yes. For more information, Ms. Schwartz details the reasons for consolidation in her direct testimony.[7]

Q. IF THE COMMISSION DOES NOT APPROVE CONSOLIDATION, ON A STAND-ALONE BASIS ARE SBU OR MPU PROPOSING REVISIONS TO THEIR RESPECTIVE TARIFF OF RATES AND CHARGES?

A. Yes, there are a few proposed changes in addition to the proposed new rates that Mr. Bourassa will discuss. With these changes, Applicants seek to make consistent

---

[7] Schwartz DT at 6:17 – 7:21.

the miscellaneous service charges billed to customers of SBU and MPU.

Q. PLEASE ELABORATE.

A. First, SBU and MPU currently charge an establishment fee of $30 to customers when they connect to the system. The Applicants propose to increase the establishment fee charged for both systems to $35 whether consolidation occurs or not.

In addition to the establishment fee, the Applicants also propose to make consistent the following service charges: reconnection (delinquent), connection, disconnection/reconnection (delinquent), insufficient funds ("NSF"), deferred payment, late charge, deposit and deposit interest, and after-hours service.

Currently, SBU does not have an approved rate to charge customers for reconnection. MPU, however, charges a $30 reconnection fee to customers. Applicants propose to update SBU's tariff to include the reconnection fee for delinquent customers to be consistent with the MPU's current charge of $30.

SBU's current tariff permits a $525 connection fee to be charged, but MPU does not have a connection fee. Applicants propose to add a connection fee for MPU but also make the connection fee for both SBU and MPU to be the actual cost of connecting.

Both SBU and MPU customers incur a $500 fee for disconnection/reconnection of a delinquent account. The Applicants are proposing to change this to be the actual cost of disconnection and reconnection including costs for excavation and trenching, pipeline modification, backfill and grading, road repairs and permitting, for both companies on a stand-alone or consolidated basis.

Currently, customers of SBU and MPU who pay their bill by check which is returned from the bank due to NSF incur a $15 NSF check fee. Applicants propose to increase the NSF fee to $30 for all forms of payments returned to the bank, including checks and other electronic payments, based on the current bank fee schedule for all companies.

SBU customers are charged 1.5% per month for deferred payments. MPU is proposing a consistent charge of 1.5%.

Today, both SBU and MPU charge late payment fees of 1.50% of the unpaid account balance. Applicants are proposing to update the late payment charge to be the greater of $5 or 1.50% of the unpaid balance.

While the current and proposed charges for deposit interest for both SBU and MPU refer to Commission rule A.A.C. R14-2-403(B), the Applicants are proposing a rate of 6%.

Finally, SBU customers requiring a service call after hours are charged $50 and MPU does not have an approved rate to charge customers for after-hours service calls. In this case, Applicants propose an after-hours service charge of $50 per each customer's request for SBU and MPU.

Q. ARE THERE ANY SERVICE CHARGES THAT ARE ALREADY CONSISTENT ACROSS APPLICANTS' TARIFFS?

A. Yes. The re-establishment (within 12 months) fee is consistent among the systems today such that, in accordance with the Commission's rule A.A.C. R14-2-403(D), it is based on the number of months off the system times the monthly minimum charge. Additionally, the deposit requirements for SBU and MPU are consistent and in accordance with Commission rule A.A.C. R14-2-403(B).

Q. ARE THERE ANY OTHER PROPOSED TARIFF CHANGES?

A. Yes. SBU currently offers a customer assistance tariff that MPU does not have. Applicants propose to add a customer assistance tariff for MPU as well, such that qualifying low-income customers, deployed service members and disabled veterans can receive assistance with their monthly sewer bills.

Q. HOW ARE THE APPLICANTS PROPOSING TO RECOVER RATE CASE EXPENSE IN THIS CASE?

A. Applicants propose to recover the rate case expenses incurred for this rate case through a separate rate case expense surcharge that Mr. Bourassa discusses in his direct testimony.[8]

Q. THANK YOU, MS. BARBEE. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

---

[8] Direct Testimony Thomas J. Bourassa – Rate Design and Rate Case Expense at 4:9 – 5:22.

EXHIBIT CB-DT1

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Schedule A-1
Page 1
Witness: Barbee

Line No.	Revenue Requirement		Adjusted Amount
1	Fair Value Rate Base	$	7,919,296
2			
3	Adjusted Operating Income		112,478
4			
5	Current Rate of Return		1.42%
6			
7	Required Operating Income	$	714,004
8			
9	Required Rate of Return on Fair Value Rate Base		9.02%
10			
11	Operating Income Deficiency / (Sufficiency)	$	601,526
12			
13	Gross Revenue Conversion Factor		1.3465
14			
15	Increase / (Decrease) in Gross Revenue		
16	Requirement	$	809,952
17			
18	Adjusted Test Year Revenues	$	2,312,662
19	Increase / (Decrease) in Gross Revenue Requirement		809,952
20	Proposed Revenue Requirement	$	3,122,615
21	% Increase / (Decrease)		35.02%
22			

23			Present	Proposed	Dollar	Percent
24	**Meter Size**	**Class**	**Rates**	**Rates**	**Increase**	**Increase**
25	5/8x3/4 Inch	Residential	$ 2,173,191	$ 2,895,777	$ 722,586	33.25%
26	3/4 Inch	Residential	7,969	10,618	2,650	33.25%
27	1 Inch	Residential	1,678	5,589	3,911	233.13%
28		Subtotal	$ 2,182,837	$ 2,911,984	$ 729,146	33.40%
29						
30	5/8x3/4 Inch	Commercial	8,458	11,270	2,812	33.25%
31	3/4 Inch	Commercial	1,258	1,677	418	33.25%
32	1 Inch	Commercial	5,033	16,766	11,733	233.13%
33	1.5 Inch	Commercial	839	5,589	4,750	566.25%
34	2 Inch	Commercial	1,678	17,883	16,206	966.00%
35	3 Inch	Commercial	419	8,942	8,522	2032.00%
36		Subtotal	$ 17,685	$ 62,126	$ 44,441	251.30%
37						
38	Effluent		$ 71,786	$ 107,679	$ 35,893	50%
39	Revenue Annualization		909	1,211	302	33%
40						
41	**Subtotal**		$ 2,273,217	$ 3,082,999	$ 809,782	35.62%
42						
43						
44	Miscellaneous Revenues		$ 39,688	$ 39,688	$ -	0.00%
45	Reconciling Amount		(242)	(72)	170	-70.25%
46	Rounding					0.00%
47	**Total of Sewer Revenues**		$ 2,312,662	$ 3,122,615	$ 809,952	35.02%

48
49
50 SUPPORTING SCHEDULES:
51 B-1
52 C-1
53 C-3
54 H-1

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Summary of Results of Operations

Exhibit
Schedule A-2
Page 1
Witness: Barbee

		Prior Years Ended		Test Year		Projected Year	
Line No.	Description	9/30/2023	9/30/2024	Actual 9/30/2025	Adjusted 9/30/2025	Present Rates 9/30/2026	Proposed Rates 9/30/2026
1	Gross Revenues	$ 2,318,158	$ 2,322,151	$ 2,339,266	$ 2,312,662	$ 2,312,662	$ 3,122,615
2							
3	Revenue Deductions and	1,852,025	1,730,454	1,485,890	2,200,184	2,200,184	2,408,611
4	Operating Expenses						
5							
6	Operating Income	$ 466,132	$ 591,697	$ 853,376	$ 112,478	$ 112,478	$ 714,004
7							
8	Other Income and	110,765	133,738	139,855	139,855	139,855	139,855
9	Deductions						
10							
11	Interest Expense	(129,019)	(106,668)	(6,221)	(200,833)	(200,833)	(200,833)
12							
13	Net Income	$ 447,879	$ 618,768	$ 987,010	$ 51,500	$ 51,500	$ 653,025
14							
15	Common Shares	98,431	98,431	98,431	98,431	98,431	98,431
16							
17	Earned Per Average						
18	Common Share	4.55	6.29	10.03	0.52	0.52	6.63
19							
20	Dividends Paid	-	-	-	-	-	-
21							
22	Dividends Per						
23	Common Share	-	-	-	-	-	-
24							
25	Payout Ratio	-	-	-	-	-	-
26							
27	Return on Average						
28	Invested Capital	5.26%	7.25%	13.03%	0.55%	0.37%	4.71%
29							
30	Return on Year End						
31	Capital	5.35%	7.12%	15.29%	0.42%	0.33%	4.19%
32							
33	Return on Average						
34	Common Equity	7.97%	10.44%	14.88%	0.84%	0.72%	8.73%
35							
36	Return on Year End						
37	Common Equity	7.79%	10.12%	13.80%	0.84%	0.71%	8.37%
38							
39	Times Bond Interest Earned						
40	Before Income Taxes	3.61	6	169.93	0.71	0.71	4.40
41							
42	Times Total Interest and						
43	Preferred Dividends Earned						
44	After Income Taxes	3.65	6	156.14	4.91	4.91	3.25
45							
46							
47	SUPPORTING SCHEDULES						
48	C-1						
49	E-2						
50	F-1						

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Summary of Capital Structure

Exhibit
Schedule A-3
Page 1
Witness: Barbee

Line No.	Description:	Prior Years Ended 9/30/2023	9/30/2024	Test Year 9/30/2025	Projected Year 9/30/2026
1					
2	Short-Term Debt	-	-	-	-
3					
3	Long-Term Debt	2,514,286	2,042,857	-	-
4					
5	Total Debt	$ 2,514,286	$ 2,042,857	$ -	$ -
6					
7					
8	Preferred Stock	-	-	-	-
9					
10	Common Equity	5,747,621	6,111,409	7,151,990	7,151,990
11					
12					
13	Total Capital & Debt	$ 8,261,907	$ 8,154,266	$ 7,151,990	$ 7,151,990
14					
15					
16	Capitalization Ratios:				
17					
18	Long-Term Debt	30.43%	25.05%	0.00%	0.00%
19					
20	Total Debt	30.43%	25.05%	0.00%	0.00%
21					
22					
23	Preferred Stock	-	-	-	-
24					
25	Common Equity	69.57%	74.95%	100.00%	100.00%
26					
27					
28	Total Capital	100.00%	100.00%	100.00%	100.00%
29					
30					
31	Weighted Cost of				
32	Senior Capital	0.00%	0.00%	0.00%	0.00%
33					
34					
35	SUPPORTING SCHEDULES:				
36	E-1				
37	D-1				

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Construction Expenditures
and Gross Utility Plant in Service

Exhibit
Schedule A-4
Page 1
Witness: Barbee

Line No.		Construction Expenditures	Net Plant Placed in Service	Gross Utility Plant in Service
1	Prior Year Ended 12/31/2021	-	-	20,584,695
2				
3	Prior Year Ended 12/31/2022	742,168	742,168	21,326,863
4				
5	Test Year Ended 12/31/2023	162,011	162,011	21,488,875
6				
7	Projected Year Ended 12/31/2024	2,273,281	2,273,281	23,762,156
8	check		-	
9				
10	<u>SUPPORTING SCHEDULES:</u>			
11	B-2			
12	E-5			
13	F-3			

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Summary Statements of Cash Flows

Exhibit
Schedule A-5

Witness: Barbee

Line No.		Prior Year Ended 9/30/2023	Prior Year Ended 9/30/2024	Test Year Ended 9/30/2025	Projected Year Present Rates 9/30/2026	Projected Year Proposed Rates 9/30/2026
1	Cash Flows from Operating Activities					
2	Net Income	$ 447,879	$ 618,768	$ 987,010	$ 51,500	$ 653,025
3	Adjustments to reconcile net income to net cash	-	-	-		
4	provided by operating activities:	-	-	-		
5	Depreciation and Amortization	816,931	576,470	196,035	636,433	636,433
6	Depreciation and Amortization Adjustments	-	-	-	-	-
7	Changes in Certain Assets and Liabilities:	-	-	-		
8	Accounts Receivable	504	(1,719)	(923)	-	-
9	Other Receivables	-	-	-	-	-
10	Materials and Supplies Inventory	-	-	-	-	-
11	Prepaid Expenses	7,597	(1,686)	21,755	-	-
12	Deferred Regulatory Assets/Liabilities	34,916	36,261	36,750	-	-
13	Deferred Income Taxes	-	-	-	-	-
14	Receivables/Payables to Associated Co.	(235,016)	478,255	505,097	-	-
15	Accounts Payable	(24,482)	(3,923)	1,568	-	-
16	Interest Payable	793	(415)	(1,507)	-	-
17	Customer Meter and Security Deposits	-	-	-	-	-
18	Taxes Payable	(50,060)	(2,176)	42,529	-	-
19	Other assets and liabilities	5,916	(1,118)	(8,839)	-	-
20	Rounding	-	-	-	-	-
21	Net Cash Flow provided by Operating Activities	$ 1,004,978	$ 1,698,716	$ 1,779,474	$ 687,932	$ 1,289,458
22	Cash Flow From Investing Activities:					
23	Capital Expenditures	(331,435)	(552,124)	(174,927)	-	-
24	Plant Held for Future Use	-	-	-		
25	Changes in Special Funds	-	-	-		
26	Net Cash Flows from Investing Activities	$ (331,435)	$ (552,124)	$ (174,927)	$ -	$ -
27	Cash Flow From Financing Activities					
28	Change in Restricted Cash	-	-	-	-	-
29	Proceeds from Long-Term Debt	(471,429)	(471,429)	(2,042,857)	-	-
30	Net receipt of contributions in aid of construction	-	-	-	-	-
31	Net receipts of advances in aid of construction	-	-	-	-	-
32	Repayments of Long-Term Debt	-	-	-	-	-
33	Distributions	-	-	-	-	-
34	Deferred Financing Costs	-	-	-	-	-
35	Paid in Capital	(187,522)	(254,980)	53,572	-	-
36	Net Cash Flows (Used) Provided by Financing Activities	$ (658,951)	$ (726,409)	$ (1,989,286)	$ -	$ -
37	Increase/ (Decrease) in Cash and Cash Equivalents	14,592	420,183	(384,739)	687,932	1,289,458
38	Cash and Cash Equivalents at Beginning of Year	218,886	233,478	653,661	268,922	268,922
39	Cash and Cash Equivalents at End of Year	$ 233,478	$ 653,661	$ 268,922	$ 956,855	$ 1,558,380
40						
41						
42	SUPPORTING SCHEDULES:					
43	E-3					
44	F-2					

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Summary of Rate Base

Exhibit
Schedule B-1
Page 1
Witness: Barbee

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	$ 23,762,156	$ 23,762,156
3	Less: Accumulated Depreciation	15,980,185	15,980,185
4			
5	Net Utility Plant in Service	$ 7,781,972	$ 7,781,972
6			
7	Less:		
8	Advances in Aid of Construction	-	-
9			
10	Contributions in Aid of Construction	-	-
11			
12	Accumulated Amortization of CIAC	-	-
13			
14	Customer Meter Deposits	-	-
15	Customer Security Deposits	-	-
16	Accumulated Deferred Income Tax	-	-
17	Deferred Regulatory Liability - Tax (EADIT)	-	-
18			
19	Plus:		
20	Deferred Reg. Asset	-	-
21		-	-
22	Prepayments	3,287	3,287
23	Materials and Supplies	-	-
24	Cash Working Capital	134,037	134,037
25			
26			
27	Total Rate Base	$ 7,919,296	$ 7,919,296
28			
29			
30	SUPPORTING SCHEDULES:		
31	B-2		
32	B-3		
33	B-5		
34	E-1		

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments

Exhibit
Schedule B-2
Page 1
Witness: Barbee

Line No.		Actual at End of Test Year	Proforma Adjustments	Adjusted at end End of Test Year
1				
2	Gross Utility Plant in Service	$ 21,488,875	2,273,281	$ 23,762,156
3				
4	**Less:**			
5				
6	Accumulated Depreciation	15,487,186	492,999	15,980,185
7				
8				
9				
10	Net Utility Plant in Service	$ 6,001,689	$ 1,780,283	$ 7,781,972
11				
12	**Less:**			
13				
14	Advances in Aid of Construction	-	-	-
15				
16				
17	Contributions in Aid of Construction	-	-	-
18				
19	Accumulated Amortization of CIAC	-	-	-
20				
21	Customer Meter Deposits	-		-
22	Customer Security Deposits	-	-	-
23	Accumulated Deferred Income Tax	-	-	-
24	Deferred Regulatory Liability - Tax (EADIT)	-	-	-
25				-
26				
27	**Plus:**			
28	Deferred Reg. Asset	-	-	-
29				
30	Prepayments	3,088	199	3,287
31	Materials and Supplies	-	-	-
32	Cash Working capital	-	134,037	134,037
33				-
34				
35	Total	$ 6,004,777	$ 1,914,519	$ 7,919,296
36				
37				
38	<u>SUPPORTING SCHEDULES:</u>			<u>RECAP SCHEDULES</u>
39	B-2, pages 2			B-1
40	E-1			

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments

Exhibit
Schedule B-2
Page 2
Witness: Barbee

			Proforma Adjustments				
			1	2	3	4	
Line No.		**Actual at End of Test Year**	**Plant-in-Service**	**Accumulated Depreciation**	**Prepayments**	**Working Capital**	**Adjusted at end of Test Year**
1							
2	Gross Utility Plant in Service	$ 21,488,875	2,273,281				$ 23,762,156
3							
4	**Less:**						
5							
6	Accumulated Depreciation	15,487,186		492,999			15,980,185
7							
8							
9							
10	Net Utility Plant in Service	$ 6,001,689	$ 2,273,281	$ (492,999)	$ -	$ -	$ 7,781,972
11							
12	**Less:**						
13							
14	Advances in Aid of Construction	-					-
15							
16							
17	Contributions-in-Aid of Construction	-					-
18							
19	Accumulated Amort of CIAC	-					-
20							
21	Customer Deposits	-					-
22	Customer Security Deposits	-					-
23	Accumulated Deferred Income Taxes	-					-
24	Deferred Regulatory Liability - Tax (EADIT)	-					-
25							
26	**Plus:**						
27	Deferred Reg. Asset	-					-
28							-
29	Prepayments	3,088			199		3,287
30	Materials and Supplies	-					-
31	Cash Working Capital	-				134,037	134,037
32							
33	Total	$ 6,004,777	$ 2,273,281	$ (492,999)	$ 199	$ 134,037	$ 7,919,296
34							
35							
36	SUPPORTING SCHEDULES:					RECAP SCHEDULES:	
37	B-2, pages 3-5					B-1	
38	E-1						

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1
Plant-in-Service

Exhibit
Schedule B-2
Page 3
Witness: Barbee

Line No.	NARUC	Account Description	Actual Original Cost	A 3.1 PTY Plant	B 3.2 Test-Year Proforma Retirements	C 3.3 Adjustments to Reconcile Plant to Reconstruction	Adjusted Original Cost
1	351	Organization	21,369	-	-	-	21,369
2	352	Franchise	-	-	-	-	-
3	353	Land	125,000	-	-	-	125,000
4	354	Structures & Improvements	152,080	78,100	-	-	230,180
5	355	Power Generation Equipment	238,084	800,000	-	-	1,038,084
6	360	Collection System - Force	162,827	100,000	-	-	262,827
7	361	Collection System - Gravity	7,261,338	97,680	-	-	7,359,018
8	362	Special Collection Structures	-	-	-	-	-
9	363	Services to Customers	1,769,918	26,400	-	-	1,796,318
10	364	Flow Measuring Devices	-	-	-	-	-
11	365	Flow Measuring Installations	-	-	-	-	-
12	366	Reuse Services	-	-	-	-	-
13	367	Reuse Meters and Meter Installations	-	-	-	-	-
14	370	Receiving Wells	641,524	7,920	-	-	649,444
15	371	Pumping Equipment	1,711,835	35,790	(12,083)	(0)	1,735,542
16	374	Reuse Distribution Reservoirs	-	-	-	-	-
17	375	Reuse Transmission and Distribution System	975,936	13,200	-	-	989,136
18	380	Treatment and Disposal Equipment	7,135,928	777,400	(15,190)	-	7,898,138
19	381	Plant Sewers	-	-	-	-	-
20	382	Outfall Sewer Lines	29,192	-	-	-	29,192
21	389	Other Plant and Miscellaneous Equipment	639,602	7,920	-	-	647,522
22	390	Office Furniture and Equipment	1,297	-	-	-	1,297
23	390.1	Computers & Software	126,322	-	-	-	126,322
24	391	Transportation Equipment	186,504	-	-	-	186,504
25	392	Stores Equipment	-	-	-	-	-
26	393	Tools, Shop And Garage Equipment	56,384	4,174	-	-	60,558
27	394	Laboratory Equip	33,041	-	-	-	33,041
28	395	Power Operated Equipment	4,218	350,442	-	-	354,660
29	396	Communication Equipment	209,667	2,369	(841)	-	211,195
30	397	Miscellaneous Equipment	6,810	-	-	-	6,810
31	398	Other Tangible Plant	-	-	-	-	-
32							
33							
34		SUBTOTAL	21,488,875	2,301,395	(28,114)	(0)	23,762,156
35							
36							
37		Plant Held for Future Use					-
38		TOTALS	$ 21,488,875	$ 2,301,395	$ (28,114)	$ -	$ 23,762,156
39							
40		Plant-in-Service per Books					$ 21,488,875
41							
42		Increase (decrease) in Plant-in-Service					$ 2,273,281
43							
44		Adjustment to Plant-in-Service					$ 2,273,281
45							
46							

47 SUPPORTING SCHEDULES
48 B-2, pages 3.1 to 3.5

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - A
Post Test-Year Plant

Exhibit
Schedule B-2
Page 3.1
Witness: Barbee

Line No.	NARUC	Account Description	PTYP
1	351	Organization	$ -
2	352	Franchise	-
3	353	Land	-
4	354	Structures & Improvements	78,100
5	355	Power Generation Equipment	800,000
6	360	Collection System - Force	100,000
7	361	Collection System - Gravity	97,680
8	362	Special Collection Structures	-
9	363	Services to Customers	26,400
10	364	Flow Measuring Devices	-
11	365	Flow Measuring Installations	-
12	366	Reuse Services	-
13	367	Reuse Meters and Meter Installations	-
14	370	Receiving Wells	7,920
15	371	Pumping Equipment	35,790
16	374	Reuse Distribution Reservoirs	-
17	375	Reuse Transmission and Distribution System	13,200
18	380	Treatment and Disposal Equipment	777,400
19	381	Plant Sewers	-
20	382	Outfall Sewer Lines	-
21	389	Other Plant and Miscellaneous Equipment	7,920
22	390	Office Furniture and Equipment	-
23	390.1	Computers & Software	-
24	391	Transportation Equipment	-
25	392	Stores Equipment	-
26	393	Tools, Shop And Garage Equipment	4,174
27	394	Laboratory Equip	-
28	395	Power Operated Equipment	350,442
29	396	Communication Equipment	2,369
30	397	Miscellaneous Equipment	-
31	398	Other Tangible Plant	-
32			
33			
34		TOTAL	$ 2,301,395
35			
36			
37	SUPPORTING SCHEDULE		
38	Testimony		
39	Work papers		

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - B
Test-Year Proforma Retirements

Exhibit
Schedule B-2
Page 3.2
Witness: Barbee

Line No.	NARUC	Account Description	Amount
1	351	Organization	$ -
2	352	Franchise	-
3	353	Land	-
4	354	Structures & Improvements	-
5	355	Power Generation	-
6	360	Collection Sewer Forced	-
7	361	Collection Sewers Gravity	-
8	362	Special Collecting Structures	-
9	363	Customer Services	-
10	364	Flow Measuring Devices	-
11	365	Flow Measuring Installations	-
12	366	Reuse Services	-
13	367	Reuse Meters And Installation	-
14	370	Receiving Wells	-
15	371	Pumping Equipment	(12,083)
16	374	Reuse Distribution Reservoirs	-
17	375	Reuse Trans. and Dist. System	-
18	380	Treatment & Disposal Equipment	(15,190)
19	381	Plant Sewers	-
20	382	Outfall Sewer Lines	-
21	389	Other Sewer Plant & Equipment	-
22	390	Office Furniture & Equipment	-
23	390.1	Computers and Software	-
24	391	Transportation Equipment	-
25	392	Stores Equipment	-
26	393	Tools, Shop And Garage Equip	-
27	394	Laboratory Equip	-
28	395	Power Operated Equip	-
29	396	Communication Equip	(841)
30	397	Miscellaneous Equip.	-
31	398	Other Tangible Plant	-
32			
33		TOTAL	$ (28,114)
34			
35			

36 SUPPORTING SCHEDULE
37 Testimony
38 Work papers

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - C
Reconciliation of Plant to Plant Reconstruction

Exhibit
Schedule B-2
Page 3.3
Witness: Barbee

Line No.	NARUC	Account Description		Original Cost		B-2 Adjustments		Adjusted Original Cost		Plant Per Reconstruction		Difference
1	351	Organization	$	21,369	$	-	$	21,369	$	21,369	$	-
2	352	Franchise		-		-		-		-		-
3	353	Land		125,000		-		125,000		125,000		-
4	354	Structures & Improvements		152,080		78,100		230,180		230,180		-
5	355	Power Generation Equipment		238,084		800,000		1,038,084		1,038,084		-
6	360	Collection System - Force		162,827		100,000		262,827		262,827		-
7	361	Collection System - Gravity		7,261,338		97,680		7,359,018		7,359,018		-
8	362	Special Collection Structures		-		-		-		-		-
9	363	Services to Customers		1,769,918		26,400		1,796,318		1,796,318		-
10	364	Flow Measuring Devices		-		-		-		-		-
11	365	Flow Measuring Installations		-		-		-		-		-
12	366	Reuse Services		-		-		-		-		-
13	367	Reuse Meters and Meter Installations		-		-		-		-		-
14	370	Receiving Wells		641,524		7,920		649,444		649,444		-
15	371	Pumping Equipment		1,711,835		23,707		1,735,542		1,735,542		(0)
16	374	Reuse Distribution Reservoirs		-		-		-		-		-
17	375	Reuse Transmission and Distribution System		975,936		13,200		989,136		989,136		-
18	380	Treatment and Disposal Equipment		7,135,928		762,210		7,898,138		7,898,138		-
19	381	Plant Sewers		-		-		-		-		-
20	382	Outfall Sewer Lines		29,192		-		29,192		29,192		-
21	389	Other Plant and Miscellaneous Equipment		639,602		7,920		647,522		647,522		-
22	390	Office Furniture and Equipment		1,297		-		1,297		1,297		-
23	390.1	Computers & Software		126,322		-		126,322		126,322		-
24	391	Transportation Equipment		186,504		-		186,504		186,504		-
25	392	Stores Equipment		-		-		-		-		-
26	393	Tools, Shop And Garage Equipment		56,384		4,174		60,558		60,558		-
27	394	Laboratory Equip		33,041		-		33,041		33,041		-
28	395	Power Operated Equipment		4,218		350,442		354,660		354,660		-
29	396	Communication Equipment		209,667		1,528		211,195		211,195		-
30	397	Miscellaneous Equipment		6,810		-		6,810		6,810		-
31	398	Other Tangible Plant		-		-		-		-		-
32												
33												
34												
35		TOTALS	$	21,488,875	$	2,273,282	$	23,762,156	$	23,762,156	$	(0)

36
37
38 <u>SUPPORTING SCHEDULE</u>
39 B-2, pages 3.1 through 3.4
40 B-2, pages 3.6 through 3.10

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2
Accumulated Depreciation

Exhibit
Schedule B-2
Page 4
Witness: Barbee

				A	B	C	
				4.1	4.2	4.3	
Line No.	**NARUC**	**Account Description**	**Per Books Accum. Depr.**	**PTY Plant A/D**	**Test-Year Proforma Retirements**	**Adjustments to Reconcile A/D to Reconstruction**	**Adjusted Accum. Depr.**
1	351	Organization	-	-	-	-	-
2	352	Franchise	-	-	-	-	-
3	353	Land	-	-	-	-	-
4	354	Structures & Improvements	67,921	1,300	-	2,725	71,946
5	355	Power Generation Equipment	175,530	20,000	-	6,815	202,346
6	360	Collection System - Force	132,400	1,000	-	834	134,234
7	361	Collection System - Gravity	5,740,088	977	-	3,575	5,744,640
8	362	Special Collection Structures	-	-	-	-	-
9	363	Services to Customers	1,250,445	264	-	6,918	1,257,627
10	364	Flow Measuring Devices	-	-	-	-	-
11	365	Flow Measuring Installations	-	-	-	(625)	(625)
12	366	Reuse Services	-	-	-	-	-
13	367	Reuse Meters and Meter Installations	-	-	-	-	-
14	370	Receiving Wells	599,771	132	-	8,164	608,066
15	371	Pumping Equipment	924,108	2,237	(12,083)	168,328	1,082,590
16	374	Reuse Distribution Reservoirs	-	-	-	-	-
17	375	Reuse Transmission and Distribution System	341,291	165	-	20,895	362,351
18	380	Treatment and Disposal Equipment	5,861,112	19,435	(15,190)	80,062	5,945,419
19	381	Plant Sewers	-	-	-	-	-
20	382	Outfall Sewer Lines	29,612	-	-	(420)	29,192
21	389	Other Plant and Miscellaneous Equipment	117,491	264	-	49,703	167,458
22	390	Office Furniture and Equipment	(689)	-	-	216	(473)
23	390.1	Computers & Software	81,336	-		26,096	107,432
24	391	Transportation Equipment	103,787	-	-	56,705	160,492
25	392	Stores Equipment	-	-	-	-	-
26	393	Tools, Shop And Garage Equipment	12,841	104	-	2,298	15,244
27	394	Laboratory Equip	8,143	-	-	1,843	9,986
28	395	Power Operated Equipment	(3,101)	8,761	-	3,763	9,423
29	396	Communication Equipment	45,097	118	-	27,280	72,496
30	397	Miscellaneous Equipment	-	-	(841)	1,181	340
31	398	Other Tangible Plant	-	-	-	-	-
32							
33							
34	108	Accumulated Depreciation	-			-	-
35		TOTALS	$ 15,487,186	$ 54,758	$ (28,114)	$ 466,355	$ 15,980,185
36							
37		Accumulated Depreciation per Books					$ 15,487,186
38							
39		Increase (decrease) in Accumulated Depreciation					$ 492,999
40							
41		Adjustment to Accumulated Depreciation					$ 492,999
42							
43							
44		SUPPORTING SCHEDULES					
45		B-2, pages 4.1 through 4.5					

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - A
Post Test-Year Plant Depreciation

Exhibit
Schedule B-2
Page 4.1
Witness: Barbee

Line No.	NARUC	Account Description	Amount	Depr. Rate	Depreciation (1/2 yr. conv.)
1	351	Organization	$ -	0.00%	$ -
2	352	Franchise	-	0.00%	-
3	353	Land	-	0.00%	-
4	354	Structures & Improvements	78,100	3.33%	1,300
5	355	Power Generation	800,000	5.00%	20,000
6	360	Collection Sewer Forced	100,000	2.00%	1,000
7	361	Collection Sewers Gravity	97,680	2.00%	977
8	362	Special Collecting Structures	-	2.00%	-
9	363	Customer Services	26,400	2.00%	264
10	364	Flow Measuring Devices	-	10.00%	-
11	365	Flow Measuring Installations	-	10.00%	-
12	366	Reuse Services	-	2.00%	-
13	367	Reuse Meters And Installation	-	8.33%	-
14	370	Receiving Wells	7,920	3.33%	132
15	371	Pumping Equipment	35,790	12.50%	2,237
16	374	Reuse Distribution Reservoirs	-	2.50%	-
17	375	Reuse Trans. and Dist. System	13,200	2.50%	165
18	380	Treatment & Disposal Equipment	777,400	5.00%	19,435
19	381	Plant Sewers	-	5.00%	-
20	382	Outfall Sewer Lines	-	3.33%	-
21	389	Other Sewer Plant & Equipment	7,920	6.67%	264
22	390	Office Furniture & Equipment	-	6.67%	-
23	390.1	Computers and Software	-	20.00%	-
24	391	Transportation Equipment	-	20.00%	-
25	392	Stores Equipment	-	4.00%	-
26	393	Tools, Shop And Garage Equip	4,174	5.00%	104
27	394	Laboratory Equip	-	10.00%	-
28	395	Power Operated Equip	350,442	5.00%	8,761
29	396	Communication Equip	2,369	10.00%	118
30	397	Miscellaneous Equip.	-	10.00%	-
31	398	Other Tangible Plant	-	10.00%	-
32					
33		TOTAL	$ 2,301,395		$ 54,758
34					
35					

36 SUPPORTING SCHEDULE
37 Testimony
38 Work papers

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - B
Test-Year Proforma Retirements

Exhibit
Schedule B-2
Page 4.2
Witness: Barbee

Line No.	NARUC	Account Description	A/D Amount
1	351	Organization	$ -
2	352	Franchise	-
3	353	Land	-
4	354	Structures & Improvements	-
5	355	Power Generation	-
6	360	Collection Sewer Forced	-
7	361	Collection Sewers Gravity	-
8	362	Special Collecting Structures	-
9	363	Customer Services	-
10	364	Flow Measuring Devices	-
11	365	Flow Measuring Installations	-
12	366	Reuse Services	-
13	367	Reuse Meters And Installation	-
14	370	Receiving Wells	-
15	371	Pumping Equipment	(12,083)
16	374	Reuse Distribution Reservoirs	-
17	375	Reuse Trans. and Dist. System	-
18	380	Treatment & Disposal Equipment	(15,190)
19	381	Plant Sewers	-
20	382	Outfall Sewer Lines	-
21	389	Other Sewer Plant & Equipment	-
22	390	Office Furniture & Equipment	-
23	390.1	Computers and Software	-
24	391	Transportation Equipment	-
25	392	Stores Equipment	-
26	393	Tools, Shop And Garage Equip	-
27	394	Laboratory Equip	-
28	395	Power Operated Equip	-
29	396	Communication Equip	(841)
30	397	Miscellaneous Equip.	-
31	398	Other Tangible Plant	-
32			
33		TOTAL	$ (28,114)
34			
35			
36	SUPPORTING SCHEDULE		
37	Testimony		
38	Work papers		

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - C
Reconciliation of A/D to A/D Reconstruction

Exhibit
Schedule B-2
Page 4.3
Witness: Barbee

Line No.	NARUC	Account Description	A/D Original Cost	B-2 Adjustments	Adjusted A/D Original Cost	A/D Per Reconstruction	Difference
1	351	Organization	$ -	$ -	$ -	$ -	$ -
2	352	Franchise	-	-	-	-	-
3	353	Land	-	-	-	-	-
4	354	Structures & Improvements	67,921	1,300	69,222	71,946	2,725
5	355	Power Generation Equipment	175,530	20,000	195,530	202,346	6,815
6	360	Collection System - Force	132,400	1,000	133,400	134,234	834
7	361	Collection System - Gravity	5,740,088	977	5,741,065	5,744,640	3,575
8	362	Special Collection Structures	-	-	-	-	-
9	363	Services to Customers	1,250,445	264	1,250,709	1,257,627	6,918
10	364	Flow Measuring Devices	-	-	-	-	-
11	365	Flow Measuring Installations	-	-	-	(625)	(625)
12	366	Reuse Services	-	-	-	-	-
13	367	Reuse Meters and Meter Installations	-	-	-	-	-
14	370	Receiving Wells	599,771	132	599,903	608,066	8,164
15	371	Pumping Equipment	924,108	(9,846)	914,262	1,082,590	168,328
16	374	Reuse Distribution Reservoirs	-	-	-	-	-
17	375	Reuse Transmission and Distribution Systerr	341,291	165	341,456	362,351	20,895
18	380	Treatment and Disposal Equipment	5,861,112	4,245	5,865,357	5,945,419	80,062
19	381	Plant Sewers	-	-	-	-	-
20	382	Outfall Sewer Lines	29,612	-	29,612	29,192	(420)
21	389	Other Plant and Miscellaneous Equipment	117,491	264	117,755	167,458	49,703
22	390	Office Furniture and Equipment	(689)	-	(689)	(473)	216
23	390.1	Computers & Software	81,336	-	81,336	107,432	26,096
23	391	Transportation Equipment	103,787	-	103,787	160,492	56,705
24	392	Stores Equipment	-	-	-	-	-
25	393	Tools, Shop And Garage Equipment	12,841	104	12,945	15,244	2,298
26	394	Laboratory Equip	8,143	-	8,143	9,986	1,843
27	395	Power Operated Equipment	(3,101)	8,761	5,660	9,423	3,763
28	396	Communication Equipment	45,097	118	45,216	72,496	27,280
29	397	Miscellaneous Equipment	-	(841)	(841)	340	1,181
30	398	Other Tangible Plant	-	-	-	-	-
31							
32							
33	108	Accumulated Depreciation	-	-	-	-	-
34		TOTALS	$ 15,487,186	$ 26,644	$ 15,513,830	$ 15,980,185	$ 466,355
35							
36							
37	SUPPORTING SCHEDULE						
38	B-2, pages 4.1 through 4.4						
39	B-2, pages 3.6 through 3.10						

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 3
Prepayments

Exhibit
Schedule B-2
Page 5
Witness: Barbee

Line No.	Description	Amount
1	Book balance at end of Test Year	3,088
2	Reversal Correction Adjustment	199
3	Adjusted TY Amount	3,287

SaddleBrooke Utility Company
Test Year Ended June 30, 2025
Lead/Lag Study - Working Cash Requirement

Exhibit
Schedule B-5
Page 1
Witness: Bourassa

Line No.	Description	Proforma Test Year Amount[1]	Revenue Lag (Lead) Days	Expense Lag (Lead) Days	Net Lag (Lead) Days Col. C - Col. D	Lead/Lag Factor Col. E/365	Cash Working Capital Required Col. B * Col. F
4							
5	(A)	(B)	(C)	(D)	(E)	(F)	(G)
6							
7	OPERATING EXPENSES						
8	Salaries and Wages	$ 205,644	51.16	19.00	32.16	0.088100	$ 18,117
9	Salaries and Wages - Officers	-	51.16	19.00	32.16	0.088100	-
10	Employee Benefits	69,603	51.16	27.00	24.16	0.066182	4,607
11	Sludge Removal	95,665	51.16	33.10	18.06	0.049470	4,733
12	Purchased Power	219,439	51.16	28.76	22.40	0.061360	13,465
13	Fuel for Power Production	2,150	51.16	33.10	18.06	0.049470	106
14	Chemicals	17,675	51.16	(5.00)	56.16	0.153853	2,719
15	Materials & Supplies	69,552	51.16	28.85	22.31	0.061114	4,251
16	Office Supplies	61,359	51.16	1.88	49.28	0.135004	8,284
17	Contractual Services - Engineering	838	51.16	31.00	20.16	0.055223	46
18	Contractual Services - Accounting	40,675	51.16	34.83	16.33	0.044740	1,820
19	Contractual Services - Legal	69,055	51.16	35.00	16.16	0.044264	3,057
20	Contractual Services - Management	404,149	51.16	35.00	16.16	0.044264	17,889
21	Contractual Services - Testing	27,787	51.16	35.12	16.04	0.043936	1,221
22	Contractual Services - Other	65,873	51.16	-	51.16	0.140155	9,232
23	Rental of Building/Real Property	-	51.16	-	51.16	0.140155	-
24	Rental of Equipment	3,945	51.16	-	51.16	0.140155	553
25	Transportation	7,136	51.16	24.28	26.88	0.073634	525
26	Insurance - Vehicle	4,907	51.16	(182.50)	233.66	0.640155	3,141
27	Insurance - General Liability	72,977	51.16	(182.50)	233.66	0.640155	46,717
28	Insurance - Workman's Compensation	-	51.16	-	51.16	0.140155	-
29	Insurance - Other	-	51.16	-	51.16	0.140155	-
30	Advertising Expense	-	51.16	-	51.16	0.140155	-
31	Regulatory Commission Expenses -Rate Case	-	51.16	-	51.16	0.140155	-
32	Regulatory Commission Expenses	5,363	51.16	35.00	16.16	0.044264	237
33	Miscellaneous	19,005	51.16	35.69	15.46	0.042369	805
34	Customer Deposit Interest		51.16	184.00	(132.84)	(0.363955)	-
35							
36	TAXES						
37	General Taxes-Property[1]	84,720	51.16	213.96	(162.80)	(0.446032)	$ (37,788)
38	General Taxes-Other	53,261	51.16	22.00	29.16	0.079881	4,255
39	Income Tax[1]	169,882	51.16	37.00	14.16	0.038785	6,589
40							
41	Other						
42	Interest Expense	200,833	51.36	16.00	35.36	0.096879	19,457
43							
44	TOTAL	$ 1,971,492		WORKING CASH REQUIREMENT			$ 134,037
45							
46				TY CASH WORKING CAPITAL			-
47							
48	[1]At proposed rates.			INCREASE(DECREASE) IN CASH WORKING CAPITAL			$ 134,037
49							

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Income Statement

Exhibit
Schedule C-1
Page 1
Witness: Barbee

Line No.	NARUC	Account Description	Test Year Book Results	Adjustment	Test Year Adjusted Results	Proposed Rate Increase / (Decrease)	Adjusted with Rate Increase / (Decrease)
1		Revenues					
2	521	Flat Rate Revenues	$ 2,230,712	$ (29,513)	$ 2,201,199	$ 774,059	$ 2,975,258
3	522	Measured Revenues	71,776	-	71,776	35,893	107,669
4	536	Other Revenues	36,778	2,910	39,688		39,688
5							
6			$ 2,339,266	$ (26,603)	$ 2,312,662	$ 809,952	$ 3,122,615
7		Operating Expenses					
8	701	Salaries and Wages	$ 205,644	-	$ 205,644		$ 205,644
9	703	Salaries and Wages	2,750	(2,750)	-		$ -
10	704	Employee Benefits	69,603	-	69,603		$ 69,603
11	711	Sludge Removal Expense	95,633	32	95,665		$ 95,665
12	715	Purchased Power	221,582	(2,143)	219,439		$ 219,439
13	716	Fuel for Power Production	-	2,150	2,150		$ 2,150
14	718	Chemicals	17,669	6	17,675		$ 17,675
15	720	Materials and Supplies	69,650	(99)	69,552		$ 69,552
16	721	Office Expenses	65,497	(4,139)	61,359		$ 61,359
17	731	Contractual Services - Engineering	838	-	838		$ 838
18	732	Contractual Services - Accounting	17,358	23,317	40,675		$ 40,675
19	733	Contractual Services - Legal	-	69,055	69,055		$ 69,055
20	734	Contractual Services - Management Fees	-	404,149	404,149		$ 404,149
21	735	Contractual Services - Testing	27,787	-	27,787		$ 27,787
22	736	Contractual Services - Other	177,275	(111,401)	65,873		$ 65,873
23	741	Building Rent	-	-	-		$ -
24	742	Equipment Rent	3,945	-	3,945		$ 3,945
25	750	Transportation Expense	7,136	-	7,136		$ 7,136
26	756	Insurance - Vehicle	4,907	-	4,907		$ 4,907
27	757	Insurance - General Liability	72,977	-	72,977		$ 72,977
28	758	Insurance - Workman's Compensation	-	-	-		$ -
29	759	Insurance - Other	-	-	-		$ -
30	760	Advertising Expenses	-	-	-		$ -
31	766	Regulatory Commission Expenses - Rate (	-	-	-		$ -
32	767	Regulatory Commission Expenses - Other	5,363	-	5,363		$ 5,363
33	403	Depreciation and Amortization	203,697	432,736	636,433		$ 636,433
34	770	Bad Debt Expense	1,004	122	1,126	394	$ 1,520
35	408.11	Property Taxes	77,230	(1,412)	75,818	8,901	$ 84,720
36	408.12 & 408.13	Taxes Other than Income	53,261	-	53,261		$ 53,261
37	775	Miscellaneous Expense	19,005	-	19,005	-	$ 19,005
38	409 & 410	Income Taxes	66,080	(95,329)	(29,249)	199,131	169,882
39							
40		Total Operating Expenses	$ 1,485,890	$ 714,294	$ 2,200,184	$ 208,427	$ 2,408,611
41		Operating Income	$ 853,376	$ (740,897)	$ 112,478	$ 601,526	$ 714,004
42		Other Income (Expense)					
43	414	Gains (Losses) From Disposition of Utility I	-	-	-		-
44	419	Interest and Dividend Income	21,933	-	21,933		21,933
45	421	Miscellaneous Non-Utility Income	117,922	-	117,922		117,922
46	426	Miscellaneous Non-Utility Expenses	-	-	-		-
47	427	Interest Expense	(6,221)	(194,613)	(200,833)		(200,833)
48							
49		Total Other Income (Expense)	$ 133,634	$ (194,613)	$ (60,978)	$ -	$ (60,978)
50		Net Profit (Loss)	$ 987,010	$ (935,510)	$ 51,500	$ 601,526	$ 653,025
51							
52							
53	SUPPORTING SCHEDULES:					RECAP SCHEDULES:	
54	C-1, page 2					A-1	
55	E-2						

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Income Statement

Exhibit
Schedule C-2
Page 1
Witness: Barbee

Line No.	NARUC	Account Description	Test Year Book Results	Adjustments 1 Depreciation	2 Property Taxes	3 Revenue Annualization	4 Shared Services Costs	5 Bad Debt	6 Purchased Power	7 Late Fees	8 Officer Salaries	9 Interest Synch.	10 Income Taxes	Test Year Adjusted Results	Proposed Rate Increase / (Decrease)	Adjusted with Rate Increase / (Decrease)
1		Revenues														
2	521	Flat Rate Revenues	$ 2,230,712			(29,513)								$ 2,201,199	$ 774,059	$ 2,975,258
3	522	Measured Revenues	71,776			-								71,776	35,893	107,669
4	536	Other Revenues	36,778			2,910								39,688		39,688
5																
6			$ 2,339,266	$ -	$ -	$ (26,603)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,312,662	$ 809,952	$ 3,122,615
7		Operating Expenses														
8	701	Salaries and Wages	$ 205,644											$ 205,644		$ 205,644
9	703	Salaries and Wages	$ 2,750								(2,750)			$ -		-
10	704	Employee Benefits	$ 69,603											69,603		69,603
11	711	Sludge Removal Expense	95,633			32								95,665		95,665
12	715	Purchased Power	221,582			75			(2,150)	(68)				219,439		219,439
13	716	Fuel for Power Production	-						2,150					2,150		2,150
14	718	Chemicals	17,669			6								17,675		17,675
15	720	Materials and Supplies	69,650							(99)				69,552		69,552
16	721	Office Expenses	65,497				(4,100)			(39)				61,359		61,359
17	731	Contractual Services - Engineering	838											838		838
18	732	Contractual Services - Accounting	17,358				23,317							40,675		40,675
19	733	Contractual Services - Legal	-				69,055							69,055		69,055
20	734	Contractual Services - Management Fees	-				404,149							404,149		404,149
21	735	Contractual Services - Testing	27,787											27,787		27,787
22	736	Contractual Services - Other	177,275				(111,401)							65,873		65,873
23	741	Building Rent	-											-		-
24	742	Equipment Rent	3,945											3,945		3,945
25	750	Transportation Expense	7,136											7,136		7,136
26	756	Insurance - Vehicle	4,907											4,907		4,907
27	757	Insurance - General Liability	72,977											72,977		72,977
28	758	Insurance - Workman's Compensation	-											-		-
29	759	Insurance - Other	-											-		-
30	760	Advertising Expenses	-											-		-
31	766	Regulatory Commission Expenses - Rate Case	-											-		-
32	767	Regulatory Commission Expenses - Other	5,363											5,363		5,363
33	403	Depreciation and Amortization	203,697	432,736										636,433		636,433
34	770	Bad Debt Expense	1,004					122						1,126	394	1,520
35	408.11	Property Taxes	77,230		(1,412)									75,818	8,901	84,720
36	408.12 & 408.13	Taxes Other than Income	53,261											53,261		53,261
37	775	Miscellaneous Expense	19,005											19,005		19,005
38	409 & 410	Income Taxes	66,080										(95,329)	(29,249)	199,131	169,882
39																
40		Total Operating Expenses	$ 1,485,890	$ 432,736	$ (1,412)	$ 113	$ 381,020	$ 122	$ -	$ (205)	$ (2,750)	$ -	$ (95,329)	$ 2,200,184	$ 208,427	$ 2,408,611
41		Operating Income	$ 853,376	$ (432,736)	$ 1,412	$ (26,716)	$ (381,020)	$ (122)	$ -	$ 205	$ 2,750	$ -	$ 95,329	$ 112,478	$ 601,526	$ 714,004
42		Other Income (Expense)														
43	414	Gains (Losses) From Disposition of Utility Property	-											-		-
44	419	Interest and Dividend Income	21,933											21,933		21,933
45	421	Miscellaneous Non-Utility Income	117,922											117,922		117,922
46	426	Miscellaneous Non-Utility Expenses	-											-		-
47	427	Interest Expense	(6,221)									(194,613)		(200,833)		(200,833)
48																
49		Total Other Income (Expense)	$ 133,634	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (194,613)	$ -	$ (60,978)	$ -	$ (60,978)
50		Net Profit (Loss)	$ 987,010	$ (432,736)	$ 1,412	$ (26,716)	$ (381,020)	$ (122)	$ -	$ 205	$ 2,750	$ (194,613)	$ 95,329	$ 51,500	$ 601,526	$ 653,025
51																
52	SUPPORTING SCHEDULES:														RECAP SCHEDULES:	
53	C-2														C-1, page 1	
54	E-2															

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Adjustments to Revenues and Expenses
Adjustment Number 1
Depreciation Expense

Exhibit
Schedule C-2
Page 2
Witness: Barbee

Line No.	NARUC	Account Description	Adjusted Original Cost	Non-Depr. or Fully Depr. Plant	Depr Original Cost	Proposed Rates	Depreciation Expense
1	351	Organization	$ 21,369	$ (21,369)	$ -	0.00%	$ -
2	352	Franchise	-	-	-	0.00%	-
3	353	Land	125,000	(125,000)	-	0.00%	-
4	354	Structures & Improvements	230,180	(38,520)	191,660	3.33%	6,382
5	355	Power Generation Equipment	1,038,084	(68,387)	969,697	5.00%	48,485
6	360	Collection System - Force	262,827	-	262,827	2.00%	5,257
7	361	Collection System - Gravity	7,359,018	(2,799,763)	4,559,255	2.00%	91,185
8	362	Special Collection Structures	-	-	-	2.00%	-
9	363	Services to Customers	1,796,318	(429,385)	1,366,933	2.00%	27,339
10	364	Flow Measuring Devices	-	-	-	10.00%	-
11	365	Flow Measuring Installations	-	-	-	10.00%	-
12	366	Reuse Services	-	-	-	2.00%	-
13	367	Reuse Meters and Meter Installations	-	-	-	8.33%	-
14	370	Receiving Wells	649,444	(130,250)	519,194	3.33%	17,289
15	371	Pumping Equipment	1,735,542	(525,649)	1,209,893	12.50%	151,237
16	374	Reuse Distribution Reservoirs	-	-	-	2.50%	-
17	375	Reuse Transmission and Distribution System	989,136	-	989,136	2.50%	24,728
18	380	Treatment and Disposal Equipment	7,898,138	(4,972,491)	2,925,647	5.00%	146,282
19	381	Plant Sewers	-	-	-	5.00%	-
20	382	Outfall Sewer Lines	29,192	(29,192)	-	3.33%	-
21	389	Other Plant and Miscellaneous Equipment	647,522	-	647,522	6.67%	43,190
22	390	Office Furniture and Equipment	1,297	-	1,297	6.67%	87
23	390.1	Computers & Software	126,322	(8,680)	117,641	20.00%	23,528
24	391	Transportation Equipment	186,504	(155,286)	31,218	20.00%	6,244
25	392	Stores Equipment	-	-	-	4.00%	-
26	393	Tools, Shop And Garage Equipment	60,558	-	60,558	5.00%	3,028
27	394	Laboratory Equip	33,041	(6,649)	26,392	10.00%	2,639
28	395	Power Operated Equipment	354,660	-	354,660	5.00%	17,733
29	396	Communication Equipment	211,195	-	211,195	10.00%	21,120
30	397	Miscellaneous Equipment	6,810	-	6,810	10.00%	681
31	398	Other Tangible Plant	-	-	-	10.00%	-
32							
33							
34		TOTALS	$ 23,762,156	$ (9,310,621)	$ 14,451,535		$ 636,433
35							
36							
37							
38							
39				Fully Amortized	Net		
40			Gross CIAC	CIAC	CIAC	Amort. Rate	
41		Less: Contributions-in-Aid of Construction Amortization	$ -	$ -	$ -	4.4039%	$ -
42							
43			$ -	$ -	$ -		
44		Total Depreciation Expense					$ 636,433
45							
46		Adjusted Test Year Depreciation Expense					$ 203,697
47							
48		Increase / (Decrease) in Depreciation Expense					$ 432,736
49							
50		Adjustment to Revenues and/or Expenses					$ 432,736
51							
52							
53		SUPPORTING SCHEDULE					
54		B-2, page 3					

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Adjustment to Revenues and Expenses
Adjustment Number 2
Property Taxes

Line No.	Description	Test Year as adjusted	Company Recommended
1	Company Adjusted Test Year Revenues	$ 2,312,662	$ 2,312,662
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	4,625,325	4,625,325
4	Company Recommended Revenue	2,312,662	3,122,615
5	Subtotal (Line 4 + Line 5)	6,937,987	7,747,940
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	2,312,662	2,582,647
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	4,625,325	5,165,293
10	Plus: 10% of CWIP (intentionally excluded)	-	-
11	Less: Net Book Value of Licensed Vehicles	26,012	26,012
12	Full Cash Value (Line 9 + Line 10 - Line 11)	4,599,313	5,139,281
13	Assessment Ratio	16.0%	16.0%
14	Assessment Value (Line 12 * Line 13)	735,890	822,285
15	Composite Property Tax Rate - Obtained from ADOR	10.3030%	10.3030%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	$ 75,818	$ 84,720
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	$ 75,818	
19	Test Year Property Taxes	$ 77,230	
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	**$ (1,412)**	
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		$ 84,720
23	Company Test Year Adjusted Property Tax Expense (Line 18)		$ 75,818
24	Increase / (Decrease) in Property Tax Due to Increase / (Decrease) in Revenue Requirement		**$ 8,901**
25			
26	Increase / (Decrease) in Property Tax Due to Increase / (Decrease) in Revenue Requirement (Line 24)		$ 8,901
27	Increase / (Decrease) in Revenue Requirement		$ 809,952
28	Increase / (Decrease) in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		1.09898%

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Adjustment to Revenues & Expenses
Adjustment Number 3
Revenue Annualization

Exhibit
Schedule C-2
Page 4
Witness: Bourassa

Line No.	Description		Amount
1	Revenue Annualization	$	909
2	(Intentionally Left Blank)		-
3	Remove RC Surcharge Revenues		(30,422)
4	Total Revenue from Annualization	$	(29,513)
5			
6	Misc Charges	$	2,910
7	Total Increase in Other Revenues	$	2,910
8			
9			
10	Sludge Removal Expense Annualization		
11	TY Sludge Removal Expense Annualization	$	95,633
12	Gallons Treated During Test Year (in 1,000s)		142,383
13	Cost per 1,000 gallons	$	0.6717
14			
15	Additional Gallons Treated from Annualization (in 1,000s)		48
16			
17	Increase (decrease) in Sludge Removal Expense	$	32
18			
19	Purchased Power Annualization		
20	TY Purchased Power Expense	$	221,582
21	Gallons Treated During Test Year (in 1,000s)		142,383
22	Cost per 1,000 gallons	$	1.5562
23			
24	Additional Gallons Treated from Annualization (in 1,000s)		48
25			
26	Increase (decrease) in Purchased Power	$	75
27			
28	Chemicals Expense Annualization		
29	TY Chemicals Expense	$	17,669
30	Gallons Treated During Test Year (in 1,000s)		142,383
31	Cost per 1,000 gallons	$	0.1241
32			
33	Additional Gallons Treated from Annualization (in 1,000s)		48
34			
35	Increase (decrease) in Chemicals Expense	$	6
36			
37			
38	Adjustment to Revenue and/or Expense	$	(26,716)
39			
40	SUPPORTING SCHEDULES		
41	Work papers		
42	H-1		

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Adjustment to Revenues & Expenses
Adjustment Number 4
Shared Services Costs

Exhibit
Schedule C-2
Page 5
Witness: Barbee

Line No.	Description	NARUC	Amount
1	Office Expenses	721	(4,100)
2	Contractual Services - Accounting	732	23,317
3	Contractual Services - Legal	733	69,055
4	Contractual Services - Management Fees	734	404,149
5	Contractual Services - Other	736	(111,401)
6	Total Shared Costs Adjustment		381,020
7			
8			
9			
10			
11			
12			
13	SUPPORTING SCHEDULES		
14	JWW Shared Cost Adjustment		

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Adjustment to Revenues & Expenses
Adjustment Number 5
Bad Debt Expense

Exhibit
Schedule C-2
Page 6
Witness: Barbee

Bad Debt Expense

Line No.		**Revenues**	**Bad Debt Expense**	**Rate**	**Proposed Rate**
1	Bad Debt Rate September 2023	$ 2,318,158	$ 1,543	0.067%	
2	Bad Debt Rate September 2024	$ 2,322,151	$ 849	0.037%	
3	Bad Debt Rate TYE	$ 2,339,266	$ 1,004	0.043%	
4	Average of three year's of bad debt expense rate			0.049%	0.049%
5				Adjusted TY	Proposed
6	Revenues			$ 2,312,662	$ 3,122,615
7	Computed Bad Debt Expense			$ 1,126	$ 1,520
8	**Change in Bad Debt Expense**			**$ 122**	
9	**Increase in Bad Debt due to Increase in Revenue Requirement**				**$ 394**
10	Increase in Revenue Requirement				$ 809,952
11	**Increase in Bad Debt Expense Per Dollar Increase in Revenue**				**0.04869%**

12 Reference
13 Testimony
14 Work papers

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Adjustment to Revenues & Expenses
Adjustment Number 6
Purchased Power

Exhibit
Schedule C-2
Page 7
Witness: Barbee

Line No.	Description	NARUC	Reclass Adjustment
1	Purchased Power	715	(2,150)
2	Fuel For Power Production	716	2,150
3	Total Adjustment		-

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Adjustment to Revenues & Expenses
Adjustment Number 7
Late Fees

Exhibit
Schedule C-2
Page 8
Witness: Barbee

Line No.	Description	NARUC	Amount
1	Purchased Power	715	(68)
2	Materials and Supplies	720	(99)
3	Office Expense	721	(39)
4	Total Adjustment		(205)

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Adjustment to Revenues & Expenses
Adjustment Number 8
Salaries and Wages

Exhibit
Schedule C-2
Page 9
Witness: Barbee

Line No.	Description	NARUC	Amount
1	Salaries and Wages - Officers	703	(2,750)
2	Total Adjustment		(2,750)

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Adjustment to Revenues and Expenses
Adjustment Number 9
Interest Synchronization

Exhibit
Schedule C-2
Page 10
Witness: Barbee

Line No.	Description			Amount
1	Fair Value Rate Base			$ 7,919,296
2	Weighted Cost of Debt			2.54%
3	Interest Expense			$ 200,833
4				
5	Test Year Interest Expense			$ 6,221
6				
7	Increase / (Decrease) in Interest Expense			194,613
8				
9				
10				
11	Adjustment to Revenue and/or Expense			$ (194,613)
12				
13				
14	Weighted Cost of Debt Computation			
15	Pro forma Capital Structure			Weighted
16		Percent	Cost	Cost
17	Debt	40.00%	6.34%	2.54%
18	Equity	60.00%	10.80%	6.48%
19	Total	100.00%		9.02%

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Adjustment to Revenues and/or Expenses
Adjustment Number 10
Income Taxes

Exhibit
Schedule C-2
Page 11
Witness: Barbee

Line No.		Test Year at Present Rates	Test Year at Proposed Rates
1	Computed Income Tax	$ (29,249)	$ 169,882
2	Test Year Income tax Expense	66,080	(29,249)
3	Adjustment to Income Tax Expense	$ (95,329)	$ 199,131
4			
5			
6			
7			
8			
9			
10	SUPPORTING SCHEDULE		
11	C-3, page 2		

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Computation of Gross Revenue Conversion Factor

Exhibit
Schedule C-3
Page 1
Witness: Barbee

Line No.	Description		Percentage of Incremental Gross Gross Revenues
1	Federal Effective Income Tax Rate		19.9710%
2			
3	State Effective Income Tax Rate		4.9000%
4			
5	Uncollectible Rate		0.0366%
6			
7	Property Taxes		0.8257%
8			
9			
10	Total Tax Percentage		25.733%
11			
12	Operating Income % = 100% - Tax Percentage		74.267%
13			
14			
15			
16			
17	1	= Gross Revenue Conversion Factor	
18	Operating Income %		1.3465
19			
20			
21	SUPPORTING SCHEDULES:		RECAP SCHEDULES:
22	C-3, page 2		A-1

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Gross Revenue Conversion Factor

Exhibit
Schedule C-3
Page 2
Witness: Barbee

Line No.	Description	(A)	(B)	(C)	(D)	(E)	(F)
	Calculation of Gross Revenue Conversion Factor:						
1	Revenue	100.0000%					
2	Uncollectible Factor (Line 11)	0.0366%					
3	Revenues (L1 - L2)	99.9634%					
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	25.6967%					
5	Subtotal (L3 - L4)	74.2668%					
6	Revenue Conversion Factor (L1 / L5)	1.346497					
	Calculation of Uncollectible Factor:						
7	Unity	100.0000%					
8	Combined Federal and State Tax Rate (L17)	24.8710%					
9	One Minus Combined Income Tax Rate (L7 - L8)	75.1290%					
10	Uncollectible Rate	0.0487%					
11	Uncollectible Factor (L9 * L10)		0.0366%				
	Calculation of Effective Tax Rate:						
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%					
13	Arizona State Income Tax Rate	4.9000%					
14	Federal Taxable Income (L12 - L13)	95.1000%					
15	Applicable Federal Income Tax Rate (L55, Col E)	21.0000%					
16	Effective Federal Income Tax Rate (L14 x L15)	19.9710%					
17	Combined Federal and State Income Tax Rate (L13 +L16)		24.8710%				
	Calculation of Effective Property Tax Factor						
18	Unity	100.0000%					
19	Combined Federal and State Income Tax Rate (L17)	24.8710%					
20	One Minus Combined Income Tax Rate (L18-L19)	75.1290%					
21	Property Tax Factor	1.0990%					
22	Effective Property Tax Factor (L20*L21)		0.8257%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			25.6967%			
24	Required Operating Income	$ 714,004					
25	Adjusted Test Year Operating Income (Loss)	$ 112,478					
26	Required Increase / (Decrease) in Operating Income (L24 - L25)		$ 601,526				
27	Income Taxes on Recommended Revenue (Col. (E), L52)	$ 169,882					
28	Income Taxes on Test Year Revenue (Col. (B), L54)	$ (29,249)					
29	Required Increase / (Decrease) in Revenue to Provide for Income Taxes (L27 - L28)		$ 199,131				
30	Recommended Revenue Requirement	$ 3,122,615					
31	Uncollectible Rate	0.0487%					
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	$ 1,520					
33	Adjusted Test Year Uncollectible Expense	$ 1,126					
34	Required Increase / (Decrease) in Revenue to Provide for Uncollectible Exp.		$ 394				
35	Property Tax with Recommended Revenue	$ 84,720					

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Gross Revenue Conversion Factor

Exhibit
Schedule C-3
Page 2
Witness: Barbee

36	Property Tax on Test Year Revenue	$ 75,818	
37	Increase in Property Tax Due to Increase / (Decrease) in Revenue (L35-L36)		$ 8,901
38	Total Required Increase / (Decrease) in Revenue (L26 + L29 + L37)		$ 809,952

		(A)	(B)	(C)	(D)	(E)	(F)
		Test Year			Company Recommended		
		Total	Sewer		Total	Sewer	
	Calculation of Income Tax:						
39	Revenue	$ 2,312,662	$ 2,312,662		$ 3,122,615	$ 3,122,615	
40	Operating Expenses Excluding Income Taxes	$ 2,229,434	$ 2,229,434		$ 2,238,729	$ 2,238,729	
41	Synchronized Interest (L47)	$ 200,833	$ 200,833		$ 200,833	$ 200,833	
42	Arizona Taxable Income (L39 - L40 - L41)	$ (117,605)	$ (117,605)		$ 683,052	$ 683,052	
43	Arizona State Effective Income Tax Rate	4.9000%	4.9000%		4.9000%	4.9000%	
44	Arizona Income Tax (L42 x L43)	$ (5,763)	$ (5,763)		$ 33,470	$ 33,470	
45	Federal Taxable Income (L42- L44)	$ (111,842)	$ (111,842)		$ 649,583	$ 649,583	
46							
47	Federal Taxes at 21%	$ (23,487)	$ (23,487)		$ 136,412	$ 136,412	
48							
49							
50							
51							
52							
53	Total Federal Income Tax	$ (23,487)	$ (23,487)		$ 136,412	$ 136,412	
54	Combined Federal and State Income Tax (L35 + L42)	$ (29,249)	$ (29,249)		$ 169,882	$ 169,882	
55	COMBINED Applicable Federal Income Tax Rate [Col. [D], L53 - Col. [A], L53 / [Col. [D], L45 - Col. [A], L45]				21.0000%		
56	WASTEWATER Applicable Federal Income Tax Rate [Col. [E], L53 - Col. [B], L53] / [Col. [E], L45 - Col. [B], L45]					21.0000%	
57	WATER Applicable Federal Income Tax Rate [Col. [F], L53 - Col. [C], L53] / [Col. [F], L45 - Col. [C], L45]						0.0000%

	Calculation of Interest Synchronization:	Sewer	
58	Rate Base	$ 7,919,296	
59	Weighted Average Cost of Debt	2.5360%	
60	Synchronized Interest (L45 X L46)	$ 200,833	

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Rate Case Expense Surcharge Computation

Exhibit
Rate Case Expense
Page 1
Witness: Barbee

Line No.	Description	Amount
1	Estimate of Total Rate Case Expense	$ 46,103
2	Amortization Period (Years)	3
3	Annual Amount	$ 15,368
4	Number of Customers	5,344
5	Annual Surcharge per Customer	$ 2.88
6	Monthly Surcharge per Customer	$ 0.24

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Summary of Cost of Capital

Exhibit
Schedule D-1
Page 1
Witness: Bourassa

		Adjusted End of Test Year				Projected Capital Structure			
Line No.	Item of Capital	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost
1	Long-Term Debt	-	0.00%	0.00%	0.00%	-	40.00%	6.34%	2.54%
2									
3	Stockholder's Equity	7,151,990	100.00%	10.00%	10.00%	7,151,990	60.00%	10.80%	6.48%
4									
5	Totals	7,151,990	100.00%		10.00%	7,151,990	100.00%		9.02%
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22	SUPPORTING SCHEDULES:					RECAP SCHEDULES:			
23	D-1					A-3			
24	D-2								
25	D-3								
26	D-4								
27	E-1								
28	Testimony								

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Cost of Long Term Debt

Exhibit
Schedule D-2
Page 1
Witness: Bourassa

		End of Test Year				End of Projected Year			
Line No.	Description of Debt	Amount Outstanding	Annual Interest	Interest Rate	Weighted Cost	Amount Outstanding	Annual Interest	Interest Rate	Weighted Cost
1									
2		$ -	-	0.00%	0.000%	$ -	-	6.34%	2.536%
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13	Totals	$ -	-		0.000%	$ -	-		2.536%
14									
15									
16	Supporting Schedules:								
17	E-1								
18	E-2								
19	Testimony								

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Cost of Common Equity

Exhibit
Schedule D-4
Page 1
Witness: Bourassa

Line No.			
1			
2	The Company is proposing a cost of common equity of	10.80%	
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17	SUPPORTING SCHEDULES:		RECAP SCHEDULES:
18	E-1		D-1
19	See Cost of Capital Testimony		
20			

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Comparative Balance Sheets

Exhibit
Schedule E-1
Page 1
Witness: Barbee

Line No.		Test Year Ended 9/30/2025	Year Ended 9/30/2024	Year Ended 9/30/2023
1	**ASSETS**			
2	Plant In Service	$ 21,488,875	$ 21,326,863	$ 20,584,695
3	Non-Utility Plant	-		
4	Construction Work in Progress	18,689	5,773	195,817
5	Property Held for Future Use	-		
6	Less: Accumulated Depreciation	(15,487,186)	(15,291,151)	(14,714,681)
7	Net Plant	$ 6,020,378	$ 6,041,485	$ 6,065,831
8				
9	CURRENT ASSETS			
10	Cash and Equivalents	$ 268,922	$ 653,661	$ 233,478
11	Restricted Cash	-		
12	Accounts Receivable, Net	195,368	194,445	192,725
13	Inter-Company Receivable	(38,902)	1,740,148	1,777,362
14	Other Receivables	-	-	
15	Notes Receivable	-		
16	Materials and Supplies Inventory	-		
17	Prepayments	3,088	24,842	23,156
18	Deposits	-	-	
19	Other Current Assets	2,216	3,878	5,540
20	Total Current Assets	$ 430,692	$ 2,616,973	$ 2,232,261
21				
22	OTHER ASSETS			
23	Deferred Regulatory Assets	$ 2,111	$ 33,142	$ 70,206
24	Deferred Regulatory Assets - Tax	-	-	-
25	Deferred Debits	$ 2,111	$ 33,142	$ 70,206
26				
27	TOTAL ASSETS	$ 6,453,181	$ 8,691,601	$ 8,368,299
28				
29				
30	**LIABILITIES AND STOCKHOLDER EQUITY**			
31				
32	Stockholder's Equity	$ 7,151,990	$ 6,111,409	$ 5,747,621
33				
34	Long-Term Debt	$ -	$ 2,042,857	$ 2,514,286
35				
36	CURRENT LIABILITIES			
37	Accounts Payable	$ 35,678	$ 34,110	$ 38,033
38	Current Portion of Long-Term Debt	-		
39	Payables to Associated Companies	(832,880)	441,072	32
40	Security Deposits	-		
41	Customer Meter Deposits, Current	-		
42	Current Portion of AIAC	-		
43	Accrued Taxes	68,131	25,602	27,778
44	Accrued Interest	-	1,507	1,921
45	Other Current Liabilities	9,358	19,859	22,639
46	Total Current Liabilities	$ (719,714)	$ 522,150	$ 90,403
47				
48	DEFERRED CREDITS			
49	Customer Meter Deposits, less current	$ -	$ -	$ -
50	Advances in Aid of Construction - Tax Gross-up	-	-	-
51	Advances in Aid of Construction	-	-	-
52	AIAC in-progress	-	-	-
53	Accumulated Deferred Investment Tax Credits	-	-	-
54	Accumulated Deferred Income Taxes	-	-	-
55	Deferred Regulatory Liabilities - Tax (EADIT)	-	-	-
56	Deferred Regulatory Liabilities - Tax Gross-up	-	-	-
57	Contributions In Aid of Construction	-	-	-
58	Accumulated Amortization	-	-	-
59	CIAC in-progress	-	-	-
60	Other Deferred Credits	20,904	15,185	15,989
61	Total Deferred Credits	$ 20,904	$ 15,185	$ 15,989
62				
63	Total Liabilities & Common Equity	$ 6,453,181	$ 8,691,601	$ 8,368,299
64				
65		-	-	-
66				
67	SUPPORTING SCHEDULES:			
68	Work papers			

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Comparative Income Statements

Exhibit
Schedule E-2
Page 1
Witness: Barbee

Line No.		Test Year Ended 9/30/2025	Prior Year Ended 9/30/2024	Prior Year Ended 9/30/2023
1	**Revenues**			
2	Flat Rate Revenues	$ 2,230,712	$ 2,221,899	$ 2,216,885
3	Measured Revenues	71,776	61,547	56,292
4	Other Revenues	36,778	38,705	44,981
5	0	-	-	-
6	**Total Revenues**	$ 2,339,266	$ 2,322,151	$ 2,318,158
7	**Operating Expenses**			
8	Salaries and Wages	$ 205,644	$ 240,453	$ 230,556
9	Salaries and Wages	2,750	25,138	25,071
10	Employee Benefits	69,603	29,328	30,552
11	Sludge Removal Expense	95,633	78,365	91,859
12	Purchased Power	221,582	224,091	226,996
13	Fuel for Power Production	-		
14	Chemicals	17,669	9,892	15,718
15	Materials and Supplies	69,650	60,249	23,799
16	Office Expenses	65,497	58,714	64,314
17	Contractual Services - Engineering	838	7,625	-
18	Contractual Services - Accounting	17,358	11,900	10,000
19	Contractual Services - Legal	-	113	452
20	Contractual Services - Management Fees	-	-	-
21	Contractual Services - Testing	27,787	33,813	23,995
22	Contractual Services - Other	177,275	50,004	51,190
23	Building Rent	-	-	-
24	Equipment Rent	3,945	3,945	3,945
25	Transportation Expense	7,136	4,787	1,677
26	Insurance - Vehicle	4,907	7,753	4,225
27	Insurance - General Liability	72,977	40,099	37,621
28	Insurance - Workman's Compensation	-	-	-
29	Insurance - Other	-	-	-
30	Advertising Expenses	-	-	-
31	Regulatory Commission Expenses - Rate Case	-	-	-
32	Regulatory Commission Expenses - Other	5,363	-	-
33	Depreciation and Amortization	203,697	697,366	864,004
34	Bad Debt Expense	1,004	849	1,543
35	Property Taxes	77,230	87,604	98,320
36	Taxes Other than Income	53,261	43,333	31,986
37	Miscellaneous Expense	19,005	15,034	14,203
38	Income Taxes	66,080	-	-
39				
40	**Total Operating Expenses**	$ 1,485,890	$ 1,730,454	$ 1,852,025
41	**Operating Income**	$ 853,376	$ 591,697	$ 466,132
42	**Other Income (Expense)**			
43	Gains (Losses) From Disposition of Utility Property	-	-	-
44	Interest and Dividend Income	21,933	128,243	105,596
45	Miscellaneous Non-Utility Income	117,922	5,496	5,186
46	Miscellaneous Non-Utility Expenses	-	-	(17)
47	Interest Expense	(6,221)	(106,668)	(129,019)
48	Extraordinary Deductions	-	-	-
49				
50	**Total Other Income (Expense)**	$ 133,634	$ 27,071	$ (18,254)
51	**Net Profit (Loss)**	$ 987,010	$ 618,768	$ 447,879
52		-		
53				
54				
55	SUPPORTING SCHEDULES:		RECAP SCHEDULES:	
56	Work papers		A-2	

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Comparative Statements of Cash Flows

Exhibit
Schedule E-3
Page 1
Witness: Barbee

Line		Test	Prior	Prior
No.		Year	Year	Year
1		Ended	Ended	Ended
2		9/30/2025	9/30/2024	9/30/2023
3	Cash Flows from Operating Activities			
4	Net Income	$ 987,010	$ 618,768	$ 447,879
5	Adjustments to reconcile net income to net cash			
6	provided by operating activities:			
7	Depreciation and Amortization	196,035	576,470	816,931
8	Depreciation and Amortization Adjustments			
9	Changes in Certain Assets and Liabilities:			
10	Accounts Receivable	(923)	(1,719)	504
11	Other Receivables	-	-	-
12	Materials and Supplies Inventory	-	-	-
13	Prepaid Expenses	21,755	(1,686)	7,597
14	Deferred Regulatory Assets/Liabilities	36,750	36,261	34,916
15	Deferred Income Taxes	-	-	-
16	Receivables/Payables to Associated Co.	505,097	478,255	(235,016)
17	Accounts Payable	1,568	(3,923)	(24,482)
18	Interest Payable	(1,507)	(415)	793
19	Customer Meter and Security Deposits	-	-	-
20	Taxes Payable	42,529	(2,176)	(50,060)
21	Other assets and liabilities	(8,839)	(1,118)	5,916
22	Rounding			
23	Net Cash Flow provided by Operating Activities	$ 1,779,474	$ 1,698,716	$ 1,004,978
24	Cash Flow From Investing Activities:			
25	Capital Expenditures	(174,927)	(552,124)	(331,435)
26	Plant Held for Future Use	-	-	-
27	Changes in Special Funds			
28	Net Cash Flows from Investing Activities	$ (174,927)	$ (552,124)	$ (331,435)
29	Cash Flow From Financing Activities			
30	Change in Restricted Cash	-	-	-
31	Proceeds from Long-Term Debt	(2,042,857)	(471,429)	(471,429)
32	Net receipt of contributions in aid of construction	-	-	-
33	Net receipts of advances in aid of construction	-	-	-
34	Repayments of Long-Term Debt	-	-	-
35	Distributions	-	-	-
36	Deferred Financing Costs	-	-	-
37	Paid in Capital	53,572	(254,980)	(187,522)
38	Net Cash Flows Provided by Financing Activities	$ (1,989,286)	$ (726,409)	$ (658,951)
39	Increase / (Decrease) in Cash and Cash Equivalents	(384,739)	420,183	14,592
40	Cash and Cash Equivalents at Beginning of Year	653,661	233,478	218,886
41	Cash and Cash Equivalents at End of Year	$ 268,922	$ 653,661	$ 233,478
42				
43				
44	SUPPORTING SCHEDULES:		RECAP SCHEDULES:	
45	Work papers		A-5	
46	E-1			
47	E-2			

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Statement of Changes in Stockholder's Equity

Exhibit
Schedule E-4
Page 1
Witness: Barbee

Line No.		Stockholder's Equity	Retained Earnings	Total
1				
2				
3				
4	Balance, September 30, 2022	$ 3,323,311	$ 2,163,954	$ 5,487,265
5	Addnl Paid In Capital Adjustment	-		-
6	Distributions	-		-
7	Net Income	(57,953)	318,310	260,357
8				
9	Balance, September 30, 2023	$ 3,265,358	$ 2,482,263	$ 5,747,621
10	Addnl Paid In Capital Adjustment	-		-
11	Distributions	-		-
12	Net Income	170,889	192,899	363,788
13				
14	Balance, September 30, 2024	$ 3,436,247	$ 2,675,162	$ 6,111,409
15	Addnl Paid In Capital Adjustment	-		-
16	Distributions	-		-
17	Net Income	368,242	672,339	1,040,582
18				
19	Balance, September 30, 2025	$ 3,804,489	$ 3,347,501	$ 7,151,990
20				
21				
22				
23				
24				
25				
26	SUPPORTING SCHEDULES:		RECAP SCHEDULES:	
			E-1	

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Detail of Plant in Service

Exhibit
Schedule E-5
Page 1
Witness: Barbee

Line No.	Acct. No.	Plant Description	Plant Balance at 9/30/2024	Plant Additions, Reclass-ifications or or Retirements	Plant Balance at 9/30/2025
1					
2	106	Plant Not Classified	$ -	$ -	$ -
3	351	Organization	21,369	-	21,369
4	352	Franchise	-	-	-
5	353	Land	125,000	-	125,000
6	354	Structures & Improvements	146,980	5,100	152,080
7	355	Power Generation Equipment	238,084	-	238,084
8	360	Collection System - Force	162,827	-	162,827
9	361	Collection System - Gravity	7,261,338	-	7,261,338
10	362	Special Collection Structures	-	-	-
11	363	Services to Customers	1,759,488	10,430	1,769,918
12	364	Flow Measuring Devices	-	-	-
13	365	Flow Measuring Installations	-	-	-
14	366	Reuse Services	-	-	-
15	367	Reuse Meters and Meter Installations	-	-	-
16	370	Receiving Wells	641,524	-	641,524
17	371	Pumping Equipment	1,649,449	62,386	1,711,835
18	374	Reuse Distribution Reservoirs	-	-	-
19	375	Reuse Transmission and Distribution System	975,996	(60)	975,936
20	380	Treatment and Disposal Equipment	7,091,442	44,486	7,135,928
21	381	Plant Sewers	-	-	-
22	382	Outfall Sewer Lines	29,192	-	29,192
23	389	Other Plant and Miscellaneous Equipment	643,459	(3,857)	639,602
24	390	Office Furniture and Equipment	1,297	-	1,297
25	390.1	Computers & Software	126,322	-	126,322
26	391	Transportation Equipment	186,504	-	186,504
27	392	Stores Equipment	-	-	-
28	393	Tools, Shop And Garage Equipment	40,160	16,223	56,384
29	394	Laboratory Equip	16,530	16,511	33,041
30	395	Power Operated Equipment	1,826	2,392	4,218
31	396	Communication Equipment	208,076	1,591	209,667
32	397	Miscellaneous Equipment	-	6,810	6,810
33	398	Other Tangible Plant	-	-	-
34					
35					
36					
37					
38					
39					
40		TOTAL SEWER PLANT	$ 21,326,863	$ 162,011	$ 21,488,875
41					
42	SUPPORTING SCHEDULES			RECAP SCHEDULES:	
43	Work papers			A-4	
				E-1	

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Operating Statistics

Exhibit
Schedule E-7
Page 1
Witness: Barbee

Line No.		Test Year Ended 9/30/2025	Prior Year Ended 9/30/2024	Prior Year Ended 9/30/2023
1	WASTEWATER STATISTICS:			
2				
3				
4				
5	Total Gallons Treated (in Thousands)	142,383	147,332	149,273
6				
7				
8				
9	Wastewater Revenues from Customers:	$ 2,339,266	$ 2,322,151	$ 2,318,158
10				
11				
12				
13				
14	Year End Number of Customers	5,344	5,314	5,318
15				
16				
17	Annual Gallons (in Thousands)			
18	Treated Per Year End Customer	27	28	28
19				
20				
21				
22	Annual Revenue per Year End Customer	$ 437.74	$ 436.99	$ 435.91
23				
24	Pumping Cost Per 1,000 Gallons	$ 1.5562	$ 1.5210	$ 1.5207
25	Purchased Water Cost per 1,000 Gallons	$ -	$ -	$ -

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Taxes Charged to Operations

Exhibit
Schedule E-8
Page 1
Witness: Barbee

Line No.		Test Year Ended 9/30/2025	Prior Year Ended 9/30/2024	Prior Year Ended 9/30/2023
1	Description			
2				
3	State Income Taxes	$ -	$ -	$ -
4	Federal Income Taxes	66,080	-	-
5	Payroll Taxes	14,809	18,874	18,166
6	Property Taxes	77,230	87,604	98,320
7				
8	Totals	$ 158,119	$ 106,478	$ 116,486

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Notes To Financial Statements

Exhibit
Schedule E-9
Page 1
Witness: Barbee

The Company does not conduct independent audits, reviews and/or compilations. Accordingly, there are no notes which are typically associated with these financial statements. Management makes the following notations to the financial statements contained herein:

Significant Accounting Policies - The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States of America and the accounting records of the are are maintained in accordance with the uniform system of accounts as prescribed by the National Association of Regulatory Utility Commissioners (USOA 1996). Significant accounting policies are as follows:

Utility Plant - Property, plant and equipment is stated at cost less accumulated depreciation provided on a straight-line basis.

Depreciation rates for asset classes of utility property, plant and equipment are established by the Commission. The cost of additions, including betterments and replacements of units of utility fixed assets are charged to utility property, plant and equipment. When units of utility property are replaced, renewed or retired, their cost plus removal or disposal costs, less salvage proceeds, is charged to accumulated depreciation.

Revenue Recognition - Revenues are recognized on the accrual method. Under this method, revenue is recognized when earned rather than when collected, and expenses are recognized when incurred rather than when paid.

Contributions in Aid of Construction - Contributions in aid of construction (CIAC) are nonrefundable contributions by developers and customers for plant expansion. In addition, this amount includes the remaining balance, if any, of advances in aid of construction at the end of the repayment period. The contributions in aid of construction are being amortized at a rate equal to the rate allowed for depreciation, as a reduction of depreciation expense

Advances in Aid of Construction - Customer advances for construction are subject to refund in accordance with agreements approved by the Arizona Corporation Commission. Agreements provide for refunds which are typically equal to 10 percent of annual sewer revenue generated from the expansion. The repayments are for a maximum agreed upon period or until repaid in full. Any balance remaining at the end of the agreed-upon period for repayment becomes a contribution in aid of construction.

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Projected Income Statements - Present & Proposed Rates

Exhibit
Schedule F-1
Page 1
Witness: Barbee

Line No.		Test Year Actual Results	At Present Rates Year Ended 9/30/2026	At Proposed Rates Year Ended 9/30/2026
1	**Revenues**			
2	Flat Rate Revenues	$ 2,230,712	$ 2,201,199	$ 2,975,258
3	Measured Revenues	71,776	71,776	107,669
4	Other Revenues	36,778	39,688	39,688
5				
6		$ 2,339,266	$ 2,312,662	$ 3,122,615
7	**Operating Expenses**			
8	Salaries and Wages	$ 205,644	$ 205,644	$ 205,644
9		2,750	-	-
10	Employee Benefits	69,603	69,603	69,603
11	Sludge Removal Expense	95,633	95,665	95,665
12	Purchased Power	221,582	219,439	219,439
13	Fuel for Power Production	-	2,150	2,150
14	Chemicals	17,669	17,675	17,675
15	Materials and Supplies	69,650	69,552	69,552
16	Office Expenses	65,497	61,359	61,359
17	Contractual Services - Engineering	838	838	838
18	Contractual Services - Accounting	17,358	40,675	40,675
19	Contractual Services - Legal	-	69,055	69,055
20	Contractual Services - Management Fees	-	404,149	404,149
21	Contractual Services - Testing	27,787	27,787	27,787
22	Contractual Services - Other	177,275	65,873	65,873
23	Building Rent	-	-	-
24	Equipment Rent	3,945	3,945	3,945
25	Transportation Expense	7,136	7,136	7,136
26	Insurance - Vehicle	4,907	4,907	4,907
27	Insurance - General Liability	72,977	72,977	72,977
28	Insurance - Workman's Compensation	-	-	-
29	Insurance - Other	-	-	-
30	Advertising Expenses	-	-	-
31	Regulatory Commission Expenses - Rate Case	-	-	-
32	Regulatory Commission Expenses - Other	5,363	5,363	5,363
33	Depreciation and Amortization	203,697	636,433	636,433
34	Bad Debt Expense	1,004	1,126	1,520
35	Property Taxes	77,230	75,818	84,720
36	Taxes Other than Income	53,261	53,261	53,261
37	Miscellaneous Expense	19,005	19,005	19,005
38	Income Taxes	66,080	(29,249)	169,882
39	**Total Operating Expenses**	$ 1,485,890	$ 2,200,184	$ 2,408,611
40	**Operating Income**	$ 853,376	$ 112,478	$ 714,004
41	**Other Income (Expense)**			
42	Gains (Losses) From Disposition of Utility Property	-	-	-
43	Interest and Dividend Income	21,933	21,933	21,933
44	AFUDC Income	117,922	117,922	117,922
45	Miscellaneous Non-Utility Expenses	-	-	-
46	Interest Expense	(6,221)	(200,833)	(200,833)
47				
48	**Total Other Income (Expense)**	$ 133,634	$ (60,978)	$ (60,978)
49	**Net Profit (Loss)**	$ 987,010	$ 51,500	$ 653,025
50		-	-	-
51				
52	SUPPORTING SCHEDULES:			
53	C-1			

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Projected Statements of Changes in Financial Position
Present and Proposed Rates

Exhibit
Schedule F-2
Page 1
Witness: Barbee

Line No.			At Present	At Proposed
1			Rates	Rates
2		Test Year	Year	Year
3		Ended	Ended	Ended
4		9/30/2025	9/30/2026	9/30/2026
5	Cash Flows from Operating Activities			
6	Net Income	$ 987,010	$ 51,500	$ 653,025
7	Adjustments to reconcile net income to net cash			
8	provided by operating activities:			
9	Depreciation and Amortization	196,035	636,433	636,433
10	Depreciation Adjustments	-		
11	Changes in Certain Assets and Liabilities:			
12	Accounts Receivable	(923)		
13	Other Receivables	-		
14	Materials and Supplies Inventory	-		
15	Prepaid Expenses	21,755		
16	Deferred Regulatory Assets/Liabilities	36,750		
17	Deferred Income Taxes	-		
18	Receivables/Payables to Associated Co.	505,097		
19	Accounts Payable	1,568		
20	Interest Payable	(1,507)		
21	Customer Meter and Security Deposits	-		
22	Taxes Payable	42,529		
23	Other assets and liabilities	(8,839)		
24	Rounding	-		
25	Net Cash Flow provided by Operating Activities	$ 1,779,474	$ 687,932	$ 1,289,458
26	Cash Flow From Investing Activities:			
27	Capital Expenditures	(174,927)	-	-
28	Plant Held for Future Use	-		
29	Changes in debt reserve fund	-		
30	Net Cash Flows from Investing Activities	$ (174,927)	$ -	$ -
31	Cash Flow From Financing Activities			
32	Change in Restricted Cash	-		
33	Change in net amounts due to parent and affiliates	(2,042,857)		
34	Net Receipt contributions in aid of construction	-		
35	Net receipts of advances in aid of construction	-		
36	Long-Term Debt	-	-	-
37	Dividends Paid	-	-	-
38	Deferred Financing Costs	-		
39	Paid in Capital	53,572		
40	Net Cash Flows Provided by Financing Activities	$ (1,989,286)	$ -	$ -
41	Increase / (Decrease) in Cash and Cash Equivalents	(384,739)	687,932	1,289,458
42	Cash and Cash Equivalents at Beginning of Year	653,661	268,922	268,922
43	Cash and Cash Equivalents at End of Year	$ 268,922	$ 956,855	$ 1,558,380
44				
45				
46				
47	SUPPORTING SCHEDULES:			
48	E-3			
49				
50				
51				
52				

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Projected Construction Requirements

Exhibit
Schedule F-3
Page 1
Witness: Barbee

Line No.					
1					
2	Account				
3	Number	Plant Asset:	Test Year	2026	2027
4	351	Organization	$ -	$ -	$ -
5	352	Franchise	-	-	-
6	353	Land	-	-	-
7	354	Structures & Improvements	5,100	70,000	-
8	355	Power Generation Equipment	-	800,000	-
9	360	Collection System - Force	-	100,000	-
10	361	Collection System - Gravity	-	195,360	195,360
11	362	Special Collection Structures	-	-	-
12	363	Services to Customers	10,430	52,800	52,800
13	364	Flow Measuring Devices	-	-	-
14	365	Flow Measuring Installations	-	-	-
15	366	Reuse Services	-	-	-
16	367	Reuse Meters and Meter Installations	-	-	-
17	370	Receiving Wells	-	15,840	15,840
18	371	Pumping Equipment	62,386	36,960	36,960
19	374	Reuse Distribution Reservoirs	-	-	-
20	375	Reuse Transmission and Distribution System	(60)	26,400	26,400
21	380	Treatment and Disposal Equipment	44,486	869,800	184,800
22	381	Plant Sewers	-	-	-
23	382	Outfall Sewer Lines	-	-	-
24	389	Other Plant and Miscellaneous Equipment	(3,857)	15,840	15,840
25	390	Office Furniture and Equipment	-	-	-
26	390.1	Computers & Software	-	-	-
27	391	Transportation Equipment	-	-	-
28	392	Stores Equipment	-	-	-
29	393	Tools, Shop And Garage Equipment	16,223	-	-
30	394	Laboratory Equip	16,511	-	-
31	395	Power Operated Equipment	2,392	50,000	-
32	396	Communication Equipment	1,591	-	-
33	397	Miscellaneous Equipment	6,810	-	-
34	398	Other Tangible Plant	-	-	-
35					
36					
37					
38	Total		$ 162,011	$ 2,233,000	$ 528,000

SaddleBrooke Utility Company
Test Year Ended September 30, 2025
Assumptions Used in Rate Filing

Exhibit
Schedule F-4
Page 1
Witness: Barbee

Line No.	
1	Property Taxes were computed using the method used by the Arizona Department
2	of Revenue modified for ratemaking.
3	
4	Projected construction expenditures are shown on Schedule A-4.
5	
6	Expense adjustments are shown on Schedule C2, and are explained in the testimony.
7	
8	Income taxes were computed using statutory state and federal income tax rates.

Exhibit
Schedule H-1
Page 1
Witness Bourassa

Saddlebrooke Utility Company
Test Year Ended September 30, 2025
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8x3/4 Inch	Residential	$ 2,173,191	$ 2,895,777	$ 722,586	33.25%	93.97%	92.74%
2	3/4 Inch	Residential	7,969	10,618	2,650	33.25%	0.34%	0.34%
3	1 Inch	Residential	1,678	5,589	3,911	233.13%	0.07%	0.18%
4		Subtotal	2,182,837	2,911,984	729,146	33.40%	94.39%	93.25%
5								
6	5/8x3/4 Inch	Commercial	$ 8,458	$ 11,270	$ 2,812	33.25%	0.37%	0.36%
7	3/4 Inch	Commercial	1,258	1,677	418	33.25%	0.05%	0.05%
8	1 Inch	Commercial	5,033	16,766	11,733	233.13%	0.22%	0.54%
9	1.5 Inch	Commercial	839	5,589	4,750	566.25%	0.04%	0.18%
10	2 Inch	Commercial	1,678	17,883	16,206	966.00%	0.07%	0.57%
11	3 Inch	Commercial	419	8,942	8,522	2032.00%	0.02%	0.29%
12		Subtotal	$ 17,685	$ 62,126	$ 44,441	251.30%	0.76%	1.99%
13								
14	Effluent		71,786	107,679	35,893	50.00%	3.10%	3.45%
15								
16								
17	Total Revenues Before Annualization		$ 2,272,308	$ 3,081,788	$ 809,480	35.62%	98.26%	98.69%

Saddlebrooke Utility Company

Test Year Ended September 30, 2025
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Line No.									
1			Revenue Annualization					Additional	
2								Gallons to	
3	Meter		Present	Proposed	Dollar	Percent	Additional	be Treated	
4	Size	Class	Revenues	Revenues	Change	Change	Bills	(In 1,000's)	Schedule
5	5/8x3/4 Inch	Residential	$ 559	$ 745	186	33.25%	16	36	See Work Papers
6	3/4 Inch	Residential	-	-	-	0.00%	-	-	See Work Papers
7	1 Inch	Residential	-	-	-	0.00%	-	-	See Work Papers
8		Subtotal	$ 559	$ 745	186	33.25%	16	36	
9									
10	5/8x3/4 Inch	Commercial	$ 350	$ 466	116	33.25%	10	12	See Work Papers
11	3/4 Inch	Commercial	-	-	-	0.00%	-	-	See Work Papers
12	1 Inch	Commercial	-	-	-	0.00%	-	-	See Work Papers
13	1.5 Inch	Commercial	-	-	-	0.00%	-	-	See Work Papers
14	2 Inch	Commercial	-	-	-	0.00%	-	-	See Work Papers
15	3 Inch	Commercial	-	-	-	0.00%	-	-	See Work Papers
16		Subtotal	$ 350	$ 466	116	33.25%	10	12	
17									
18									
19	Total Revenue Annualization		$ 909	$ 1,211	$ 302	33.25%	26	48	

Saddlebrooke Utility Company
Test Year Ended September 30, 2025
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Schedule H-1
Page 3
Bourassa

Line No.		Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues	Schedule
1								
2								
3	Subtotal Metered Revenues	$ 2,272,308	$ 3,081,788	$ 809,480	35.62%	98.26%	98.69%	
4	Subtotal Revenue Annualization	909	1,211	$ 302	33.25%	0.04%	0.04%	
5								
6	Total Metered Revenues	$ 2,273,217	$ 3,082,999	$ 809,782	35.62%	98.29%	98.73%	
7								
8	Misc. Revenues	$ 39,688	$ 39,688	-	0.00%	1.72%	1.27%	
9								
10	Reconciling Amount to GL	(242)	(72)	170	-70.25%	-0.01%	0.00%	
11	Total Water Revenues	$ 2,312,662	$ 3,122,615	$ 809,952	35.02%	100.00%	100.00%	
12								
13								
14								
15								
16	Revenue Reconciliation							
17	Flat and Metered Revenues Per GL	$ 2,302,488						
18	Rate Case Surcharge	(30,422)						
19								
20	Adjusted Total	$ 2,272,066						
21								
22	BC Revenue Before Annualization	$ 2,272,308						
23								
24	Difference	$ (242)						
25								
26	% Difference	-0.01%						
27								
28	**Tolerance (+/- 1/2%)**	$ 11,360						
29								
30	Ties to Sch C-1 TY Revenue	$ 4,513,710						
31								
32	Supporting Schedules							
33	C-1							
34	Work Papers							
35								
36								
37								
38								
39								
40								
41								
42								
43								

Saddlebrooke Utility Company
Test Year Ended September 30, 2025
Customer Bill Summary
At Average Usage

Exhibit
Schedule H-2
Page 1
Witness Bourassa

Line No.		Meter Size, Class	(a) Average Number of Customers at 9/30/2025	Average Consumption	Average Bill		Proposed Increase	
					Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8x3/4 Inch	Residential	5,182	-	$ 34.95	$ 46.57	11.62	33.25%
2	3/4 Inch	Residential	19	-	34.95	46.57	11.62	33.25%
3	1 Inch	Residential	4	-	34.95	116.43	81.48	233.13%
4		Subtotal	5,205					
5								
6								
7	5/8x3/4 Inch	Commercial	20	-	$ 34.95	$ 46.57	$ 11.62	33.25%
8	3/4 Inch	Commercial	3	-	34.95	46.57	11.62	33.25%
9	1 Inch	Commercial	12	-	34.95	116.43	81.48	233.13%
10	1.5 Inch	Commercial	2	-	34.95	232.85	197.90	566.25%
11	2 Inch	Commercial	4	-	34.95	372.57	337.62	966.00%
12	3 Inch	Commercial	1	-	34.95	745.13	710.18	2032.00%
13		Subtotal	42					
14								
15	Effluent							
16		Total	5,247					
17								
18	**(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.							

Exhibit
Schedule H-2
Page 2
Witness Bourassa

Saddlebrooke Utility Company
Test Year Ended September 30, 2025
Customer Bill Summary
At Average Usage with Rate Case Surcharge

			(a) Average Number of Customers			Average Bill			Proposed Increase	
Line No.		Meter Size, Class	at 9/30/2025	Average Consumption	Present Rates	Proposed Rates	RC Surcharge	Total Proposed Rates	Dollar Amount	Percent Amount
1	5/8x3/4 Inch	Residential	5,182	-	$ 34.95	$ 46.57	$ 0.32	$ 46.89	$ 11.94	34.17%
2	3/4 Inch	Residential	19	-	34.95	46.57	0.32	46.89	11.94	34.17%
3	1 Inch	Residential	4	-	34.95	116.43	0.32	116.75	81.80	234.04%
4		Subtotal	5,205							
5										
6										
7	5/8x3/4 Inch	Commercial	20	-	$ 34.95	$ 46.57	$ 0.32	$ 46.89	$ 11.94	34.17%
8	3/4 Inch	Commercial	3	-	34.95	46.57	0.32	46.89	11.94	34.17%
9	1 Inch	Commercial	12	-	34.95	116.43	0.32	116.75	81.80	234.04%
10	1.5 Inch	Commercial	2	-	34.95	232.85	0.32	233.17	198.22	567.17%
11	2 Inch	Commercial	4	-	34.95	372.57	0.32	372.89	337.94	966.92%
12	3 Inch	Commercial	1	-	34.95	745.13	0.32	745.45	710.50	2032.92%
13		Subtotal	42							
14										
15	Effluent									
16										
17										
18		Total	5,247							
19										
20	**(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.									

Exhibit
Schedule H-2
Page 3
Witness Bourassa

Saddlebrooke Utility Company
Test Year Ended September 30, 2025
Customer Bill Summary
At Median Usage

Line No.	Meter Size, Class		(a) Average Number of Customers at 9/30/2025	Median Consumption	Median Bill Present Rates	Median Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8x3/4 Inch	Residential	5,182	-	$ 34.95	$ 46.57	$ 11.62	33.25%
2	3/4 Inch	Residential	19	-	34.95	46.57	11.62	33.25%
3	1 Inch	Residential	4	-	34.95	116.43	81.48	233.13%
4		Subtotal	5,205					
5								
6								
7	5/8x3/4 Inch	Commercial	20	-	$ 34.95	$ 46.57	$ 11.62	33.25%
8	3/4 Inch	Commercial	3	-	34.95	46.57	11.62	33.25%
9	1 Inch	Commercial	12	-	34.95	116.43	81.48	233.13%
10	1.5 Inch	Commercial	2	-	34.95	232.85	197.90	566.25%
11	2 Inch	Commercial	4	-	34.95	372.57	337.62	966.00%
12	3 Inch	Commercial	1	-	34.95	745.13	710.18	2032.00%
13		Subtotal	42					
14								
15	Effluent						-	0.00%
16								
17								
18		Total	5,247					
19								

20 **(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Saddlebrooke Utility Company

Test Year Ended September 30, 2025
Customer Bill Summary
At Median Usage With Rate Case Surcharge

Line No.		Meter Size, Class	(a) Average Number of Customers at 9/30/2025	Median Consumption	Present Rates	Median Bill Proposed Rates	RC Surcharge	Proposed Rates	Proposed Increase Dollar Amount	Percent Amount
1	5/8x3/4 Inch	Residential	5,182	-	$ 34.95	$ 46.57		$ 46.57	$ 11.62	33.25%
2	3/4 Inch	Residential	19	-	34.95	46.57		46.57	11.62	33.25%
3	1 Inch	Residential	4	-	34.95	116.43		116.43	81.48	233.13%
4		Subtotal	5,205							
5										
6	5/8x3/4 Inch	Commercial	20	-	$ 34.95	$ 46.57		$ 46.57	$ 11.62	33.25%
7	3/4 Inch	Commercial	3	-	34.95	46.57		46.57	11.62	33.25%
8	1 Inch	Commercial	12	-	34.95	116.43		116.43	81.48	233.13%
9	1.5 Inch	Commercial	2	-	34.95	232.85		232.85	197.90	566.25%
10	2 Inch	Commercial	4	-	34.95	372.57		372.57	337.62	966.00%
11	3 Inch	Commercial	1	-	34.95	745.13		745.13	710.18	2032.00%
12		Subtotal	42							
13										
14	Effluent								-	0.00%
15										
16										
17		Total	5,247							
18										
19	**(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.									
20										

Saddlebrooke Utility Company
Test Year Ended September 30, 2025
Present and Proposed Rates

Exhibit
Schedule H-3
Page 1
Bourassa

Line No.	Monthly Minimum Charge for:	Present Rates	Proposed Rates	Change	Percent Change
1	Class				
2	Residential	$ 34.95		NM	NM
2	Commercial	34.95		NM	NM
3					
4	Meter Size (All Classes)				
5	5/8 Inch		$ 46.57	NM	NM
6	3/4 Inch		46.57	NM	NM
7	1 Inch		116.43	NM	NM
8	1 1/2 Inch		232.85	NM	NM
9	2 Inch		372.57	NM	NM
10	3 Inch		745.13	NM	NM
11	4 Inch		1,164.27	NM	NM
12	6 Inch		2,328.54	NM	NM
13	8 Inch		3,725.67	NM	NM
14	10 Inch		5,355.65	NM	NM
15	12 Inch		10,012.74	NM	NM
16					
17					
18	Effluent Rate (per 1,000 gallons)	$ 0.58	$ 0.87	$ 0.29	50.00%
19					
20	NT = No Tariff				

Saddlebrooke Utility Company
Present and Proposed Rates
Test Year Ended September 30, 2025

Exhibit
Schedule H-3

Witness: Bourassa

Line No.					
1	Service Charges				
2	Present			Proposed	
3	Establishment	$	30.00	Establishment	$ 35.00
4	Re-Establishment (within 12 months)	**		Re-Establishment	(a)
5	Reconnection (delinquent) per A.A.C. R14-2-403	N/A		Reconnection (delinquent)	$ 30.00
6	Connection Fee	$	525.00	Connection Fee	At Cost
7	Disconnect/Reconnect (Delinquent Acct)	$	500.00	Disconnection/Reconnection (deliquent account)	(e)
8	NSF Check	$	15.00	NSF Check	$ 30.00
9	Deferred Payment (per month)		1.50%	Deferred Payment (per month)	1.50%
10	Late Payment Fee (per month)		1.50%	Late Charge	(b)
11	Deposit	*		Deposit Requirement	(d)
12	Deposit Interest	*		Deposit Interest	6%
13	After hours service charge	$	50.00	Service - After Hours (C)	$ 50.00
14					
15	*Per Commission rule A.A.C. F-14-2-403(B).			(a) Minimum charge times number of full months off the system per A.A.C. R-14-2-403(D).	
16	**Per Commission rule A.A.C R-14-2-403(D) - Months off the system times the monthly minimum.			(b) Greater of $5.00 or 1.5% of unpaid balance.	
17				(c) Customer shall be charged for after-hours service calls outside of normal working hours for work performed at the customer's request or convenience.	
18				(d) Per A.A.C R14-2-403(B): Residential - two times the average bill by class; Non-residential - two and one-half times the customer's estimated maximum monthly bill. (e) The actual cost of disconnection and reconnection, including	

Saddlebrooke Utility Company

Bill Comparison Present and Proposed Rates
Meter Size: 5/8x3/4 Inch Residential

Exhibit
Schedule H-4
Page 1
Witness Bourassa

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	-	$ 34.95	$ 46.57	$ 11.62	33.25%
2	1,000	34.95	46.57	11.62	33.25%
3	2,000	34.95	46.57	11.62	33.25%
4	3,000	34.95	46.57	11.62	33.25%
5	4,000	34.95	46.57	11.62	33.25%
6	5,000	34.95	46.57	11.62	33.25%
7	6,000	34.95	46.57	11.62	33.25%
8	7,000	34.95	46.57	11.62	33.25%
9	8,000	34.95	46.57	11.62	33.25%
10	9,000	34.95	46.57	11.62	33.25%
11	10,000	34.95	46.57	11.62	33.25%
12	12,000	34.95	46.57	11.62	33.25%
13	14,000	34.95	46.57	11.62	33.25%
14	16,000	34.95	46.57	11.62	33.25%
15	18,000	34.95	46.57	11.62	33.25%
16	20,000	34.95	46.57	11.62	33.25%
17	25,000	34.95	46.57	11.62	33.25%
18	30,000	34.95	46.57	11.62	33.25%
19	35,000	34.95	46.57	11.62	33.25%
20	40,000	34.95	46.57	11.62	33.25%
21	45,000	34.95	46.57	11.62	33.25%
22	50,000	34.95	46.57	11.62	33.25%
23	60,000	34.95	46.57	11.62	33.25%
24	70,000	34.95	46.57	11.62	33.25%
25	80,000	34.95	46.57	11.62	33.25%
26	90,000	34.95	46.57	11.62	33.25%
27	100,000	34.95	46.57	11.62	33.25%
28	Average Usage				
	-	$ 34.95	$ 46.57	$ 11.62	33.25%
29	Median Usage				
	-	$ 34.95	$ 46.57	$ 11.62	33.25%

Present Rates:

Monthly Minimum:	$ 34.95

Proposed Rates:

Monthly Minimum:	$ 46.57

Saddlebrooke Utility Company
Bill Comparison Present and Proposed Rates
Meter Size: 3/4 Inch Residential

Exhibit
Schedule H-4
Page Page 2
Witness Bourassa

Line No.	Usage		Present Bill		Proposed Bill		Dollar Increase	Percent Increase
1	-	$	34.95	$	46.57	$	11.62	33.25%
2	1,000		34.95		46.57		11.62	33.25%
3	2,000		34.95		46.57		11.62	33.25%
4	3,000		34.95		46.57		11.62	33.25%
5	4,000		34.95		46.57		11.62	33.25%
6	5,000		34.95		46.57		11.62	33.25%
7	6,000		34.95		46.57		11.62	33.25%
8	7,000		34.95		46.57		11.62	33.25%
9	8,000		34.95		46.57		11.62	33.25%
10	9,000		34.95		46.57		11.62	33.25%
11	10,000		34.95		46.57		11.62	33.25%
12	12,000		34.95		46.57		11.62	33.25%
13	14,000		34.95		46.57		11.62	33.25%
14	16,000		34.95		46.57		11.62	33.25%
15	18,000		34.95		46.57		11.62	33.25%
16	20,000		34.95		46.57		11.62	33.25%
17	25,000		34.95		46.57		11.62	33.25%
18	30,000		34.95		46.57		11.62	33.25%
19	35,000		34.95		46.57		11.62	33.25%
20	40,000		34.95		46.57		11.62	33.25%
21	45,000		34.95		46.57		11.62	33.25%
22	50,000		34.95		46.57		11.62	33.25%
23	60,000		34.95		46.57		11.62	33.25%
24	70,000		34.95		46.57		11.62	33.25%
25	80,000		34.95		46.57		11.62	33.25%
26	90,000		34.95		46.57		11.62	33.25%
27	100,000		34.95		46.57		11.62	33.25%
28	Average Usage							
	-	$	34.95	$	46.57	$	11.62	33.25%
29	Median Usage							
	-	$	34.95	$	46.57	$	11.62	33.25%

Present Rates:

Monthly Minimum:	$	34.95

Proposed Rates:

Monthly Minimum:	$	46.57

Saddlebrooke Utility Company
Bill Comparison Present and Proposed Rates
Meter Size: 1 Inch Residential

Exhibit
Schedule H-4
Page 3
Witness Bourassa

Line No.	Usage		Present Bill		Proposed Bill	Dollar Increase	Percent Increase
1	-	$	34.95	$	116.43	$ 81.48	233.13%
2	1,000		34.95		116.43	81.48	233.13%
3	2,000		34.95		116.43	81.48	233.13%
4	3,000		34.95		116.43	81.48	233.13%
5	4,000		34.95		116.43	81.48	233.13%
6	5,000		34.95		116.43	81.48	233.13%
7	6,000		34.95		116.43	81.48	233.13%
8	7,000		34.95		116.43	81.48	233.13%
9	8,000		34.95		116.43	81.48	233.13%
10	9,000		34.95		116.43	81.48	233.13%
11	10,000		34.95		116.43	81.48	233.13%
12	12,000		34.95		116.43	81.48	233.13%
13	14,000		34.95		116.43	81.48	233.13%
14	16,000		34.95		116.43	81.48	233.13%
15	18,000		34.95		116.43	81.48	233.13%
16	20,000		34.95		116.43	81.48	233.13%
17	25,000		34.95		116.43	81.48	233.13%
18	30,000		34.95		116.43	81.48	233.13%
19	35,000		34.95		116.43	81.48	233.13%
20	40,000		34.95		116.43	81.48	233.13%
21	45,000		34.95		116.43	81.48	233.13%
22	50,000		34.95		116.43	81.48	233.13%
23	60,000		34.95		116.43	81.48	233.13%
24	70,000		34.95		116.43	81.48	233.13%
25	80,000		34.95		116.43	81.48	233.13%
26	90,000		34.95		116.43	81.48	233.13%
27	100,000		34.95		116.43	81.48	233.13%
28	Average Usage						
	-	$	34.95	$	116.43	$ 81.48	233.13%
29	Median Usage						
	-	$	34.95	$	116.43	$ 81.48	233.13%

Present Rates:

Monthly Minimum:	$	34.95

Proposed Rates:

Monthly Minimum:	$	116.43

Saddlebrooke Utility Company

Bill Comparison Present and Proposed Rates
Meter Size: 5/8x3/4 Inch Commercial

Exhibit
Schedule H-4
Page Page 4
Witness Bourassa

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	-	$ 34.95	$ 46.57	$ 11.62	33.25%
2	1,000	34.95	46.57	11.62	33.25%
3	2,000	34.95	46.57	11.62	33.25%
4	3,000	34.95	46.57	11.62	33.25%
5	4,000	34.95	46.57	11.62	33.25%
6	5,000	34.95	46.57	11.62	33.25%
7	6,000	34.95	46.57	11.62	33.25%
8	7,000	34.95	46.57	11.62	33.25%
9	8,000	34.95	46.57	11.62	33.25%
10	9,000	34.95	46.57	11.62	33.25%
11	10,000	34.95	46.57	11.62	33.25%
12	12,000	34.95	46.57	11.62	33.25%
13	14,000	34.95	46.57	11.62	33.25%
14	16,000	34.95	46.57	11.62	33.25%
15	18,000	34.95	46.57	11.62	33.25%
16	20,000	34.95	46.57	11.62	33.25%
17	25,000	34.95	46.57	11.62	33.25%
18	30,000	34.95	46.57	11.62	33.25%
19	35,000	34.95	46.57	11.62	33.25%
20	40,000	34.95	46.57	11.62	33.25%
21	45,000	34.95	46.57	11.62	33.25%
22	50,000	34.95	46.57	11.62	33.25%
23	60,000	34.95	46.57	11.62	33.25%
24	70,000	34.95	46.57	11.62	33.25%
25	80,000	34.95	46.57	11.62	33.25%
26	90,000	34.95	46.57	11.62	33.25%
27	100,000	34.95	46.57	11.62	33.25%
28	Average Usage				
	-	$ 34.95	$ 46.57	$ 11.62	33.25%
29	Median Usage				
	-	$ 34.95	$ 46.57	$ 11.62	33.25%

Present Rates:	
Monthly Minimum:	$ 34.95
Proposed Rates:	
Monthly Minimum:	$ 46.57

Saddlebrooke Utility Company
Bill Comparison Present and Proposed Rates
Meter Size: 3/4 Inch Commercial

Exhibit
Schedule H-4
Page 5
Witness Bourassa

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	-	$ 34.95	$ 46.57	$ 11.62	33.25%
2	1,000	34.95	46.57	11.62	33.25%
3	2,000	34.95	46.57	11.62	33.25%
4	3,000	34.95	46.57	11.62	33.25%
5	4,000	34.95	46.57	11.62	33.25%
6	5,000	34.95	46.57	11.62	33.25%
7	6,000	34.95	46.57	11.62	33.25%
8	7,000	34.95	46.57	11.62	33.25%
9	8,000	34.95	46.57	11.62	33.25%
10	9,000	34.95	46.57	11.62	33.25%
11	10,000	34.95	46.57	11.62	33.25%
12	12,000	34.95	46.57	11.62	33.25%
13	14,000	34.95	46.57	11.62	33.25%
14	16,000	34.95	46.57	11.62	33.25%
15	18,000	34.95	46.57	11.62	33.25%
16	20,000	34.95	46.57	11.62	33.25%
17	25,000	34.95	46.57	11.62	33.25%
18	30,000	34.95	46.57	11.62	33.25%
19	35,000	34.95	46.57	11.62	33.25%
20	40,000	34.95	46.57	11.62	33.25%
21	45,000	34.95	46.57	11.62	33.25%
22	50,000	34.95	46.57	11.62	33.25%
23	60,000	34.95	46.57	11.62	33.25%
24	70,000	34.95	46.57	11.62	33.25%
25	80,000	34.95	46.57	11.62	33.25%
26	90,000	34.95	46.57	11.62	33.25%
27	100,000	34.95	46.57	11.62	33.25%
28	Average Usage				
	-	$ 34.95	$ 46.57	$ 11.62	33.25%
29	Median Usage				
	-	$ 34.95	$ 46.57	$ 11.62	33.25%

Present Rates:

Monthly Minimum:	$ 34.95

Proposed Rates:

Monthly Minimum:	$ 46.57

Saddlebrooke Utility Company
Bill Comparison Present and Proposed Rates
Meter Size: 1Inch Commercial

Exhibit
Schedule
Page 6
Witness Bourassa

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	-	$ 34.95	$ 116.43	$ 81.48	233.13%
2	1,000	34.95	116.43	81.48	233.13%
3	2,000	34.95	116.43	81.48	233.13%
4	3,000	34.95	116.43	81.48	233.13%
5	4,000	34.95	116.43	81.48	233.13%
6	5,000	34.95	116.43	81.48	233.13%
7	6,000	34.95	116.43	81.48	233.13%
8	7,000	34.95	116.43	81.48	233.13%
9	8,000	34.95	116.43	81.48	233.13%
10	9,000	34.95	116.43	81.48	233.13%
11	10,000	34.95	116.43	81.48	233.13%
12	12,000	34.95	116.43	81.48	233.13%
13	14,000	34.95	116.43	81.48	233.13%
14	16,000	34.95	116.43	81.48	233.13%
15	18,000	34.95	116.43	81.48	233.13%
16	20,000	34.95	116.43	81.48	233.13%
17	25,000	34.95	116.43	81.48	233.13%
18	30,000	34.95	116.43	81.48	233.13%
19	35,000	34.95	116.43	81.48	233.13%
20	40,000	34.95	116.43	81.48	233.13%
21	45,000	34.95	116.43	81.48	233.13%
22	50,000	34.95	116.43	81.48	233.13%
23	60,000	34.95	116.43	81.48	233.13%
24	70,000	34.95	116.43	81.48	233.13%
25	80,000	34.95	116.43	81.48	233.13%
26	90,000	34.95	116.43	81.48	233.13%
27	100,000	34.95	116.43	81.48	233.13%
28	Average Usage				
	-	$ 34.95	$ 116.43	$ 81.48	233.13%
29	Median Usage				
	-	$ 34.95	$ 116.43	$ 81.48	233.13%

Present Rates:

Monthly Minimum:	$ 34.95

Proposed Rates:

Monthly Minimum:	$ 116.43

Saddlebrooke Utility Company
Bill Comparison Present and Proposed Rates
Meter Size: 1.5 Inch Commecial

Exhibit
Schedule H-4
Page 7
Witness Bourassa

Line No.	Usage		Present Bill		Proposed Bill	Dollar Increase	Percent Increase
1	-	$	34.95	$	232.85	$ 197.90	566.25%
2	1,000		34.95		232.85	197.90	566.25%
3	2,000		34.95		232.85	197.90	566.25%
4	3,000		34.95		232.85	197.90	566.25%
5	4,000		34.95		232.85	197.90	566.25%
6	5,000		34.95		232.85	197.90	566.25%
7	6,000		34.95		232.85	197.90	566.25%
8	7,000		34.95		232.85	197.90	566.25%
9	8,000		34.95		232.85	197.90	566.25%
10	9,000		34.95		232.85	197.90	566.25%
11	10,000		34.95		232.85	197.90	566.25%
12	12,000		34.95		232.85	197.90	566.25%
13	14,000		34.95		232.85	197.90	566.25%
14	16,000		34.95		232.85	197.90	566.25%
15	18,000		34.95		232.85	197.90	566.25%
16	20,000		34.95		232.85	197.90	566.25%
17	25,000		34.95		232.85	197.90	566.25%
18	30,000		34.95		232.85	197.90	566.25%
19	35,000		34.95		232.85	197.90	566.25%
20	40,000		34.95		232.85	197.90	566.25%
21	45,000		34.95		232.85	197.90	566.25%
22	50,000		34.95		232.85	197.90	566.25%
23	60,000		34.95		232.85	197.90	566.25%
24	70,000		34.95		232.85	197.90	566.25%
25	80,000		34.95		232.85	197.90	566.25%
26	90,000		34.95		232.85	197.90	566.25%
27	100,000		34.95		232.85	197.90	566.25%
28	Average Usage						
	-	$	34.95	$	232.85	$ 197.90	566.25%
29	Median Usage						
	-	$	34.95	$	232.85	$ 197.90	566.25%

Present Rates:

Monthly Minimum:	$	34.95

Proposed Rates:

Monthly Minimum:	$	232.85

Saddlebrooke Utility Company
Bill Comparison Present and Proposed Rates
Meter Size: 2 Inch Commecial

Exhibit
Schedule H-4
Page 8
Witness Bourassa

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	-	$ 34.95	$ 372.57	$ 337.62	966.00%
2	1,000	34.95	372.57	337.62	966.00%
3	2,000	34.95	372.57	337.62	966.00%
4	3,000	34.95	372.57	337.62	966.00%
5	4,000	34.95	372.57	337.62	966.00%
6	5,000	34.95	372.57	337.62	966.00%
7	6,000	34.95	372.57	337.62	966.00%
8	7,000	34.95	372.57	337.62	966.00%
9	8,000	34.95	372.57	337.62	966.00%
10	9,000	34.95	372.57	337.62	966.00%
11	10,000	34.95	372.57	337.62	966.00%
12	12,000	34.95	372.57	337.62	966.00%
13	14,000	34.95	372.57	337.62	966.00%
14	16,000	34.95	372.57	337.62	966.00%
15	18,000	34.95	372.57	337.62	966.00%
16	20,000	34.95	372.57	337.62	966.00%
17	25,000	34.95	372.57	337.62	966.00%
18	30,000	34.95	372.57	337.62	966.00%
19	35,000	34.95	372.57	337.62	966.00%
20	40,000	34.95	372.57	337.62	966.00%
21	45,000	34.95	372.57	337.62	966.00%
22	50,000	34.95	372.57	337.62	966.00%
23	60,000	34.95	372.57	337.62	966.00%
24	70,000	34.95	372.57	337.62	966.00%
25	80,000	34.95	372.57	337.62	966.00%
26	90,000	34.95	372.57	337.62	966.00%
27	100,000	34.95	372.57	337.62	966.00%
28	Average Usage				
	-	$ 34.95	$ 372.57	$ 337.62	966.00%
29	Median Usage				
	-	$ 34.95	$ 372.57	$ 337.62	966.00%

Present Rates:

Monthly Minimum:	$ 34.95

Proposed Rates:

Monthly Minimum:	$ 372.57

Saddlebrooke Utility Company
Bill Comparison Present and Proposed Rates
Meter Size: 3 Inch Commecial

Exhibit
Schedule H-4
Page 9
Witness Bourassa

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	-	$ 34.95	$ 745.13	$ 710.18	2032.00%
2	1,000	34.95	745.13	710.18	2032.00%
3	2,000	34.95	745.13	710.18	2032.00%
4	3,000	34.95	745.13	710.18	2032.00%
5	4,000	34.95	745.13	710.18	2032.00%
6	5,000	34.95	745.13	710.18	2032.00%
7	6,000	34.95	745.13	710.18	2032.00%
8	7,000	34.95	745.13	710.18	2032.00%
9	8,000	34.95	745.13	710.18	2032.00%
10	9,000	34.95	745.13	710.18	2032.00%
11	10,000	34.95	745.13	710.18	2032.00%
12	12,000	34.95	745.13	710.18	2032.00%
13	14,000	34.95	745.13	710.18	2032.00%
14	16,000	34.95	745.13	710.18	2032.00%
15	18,000	34.95	745.13	710.18	2032.00%
16	20,000	34.95	745.13	710.18	2032.00%
17	25,000	34.95	745.13	710.18	2032.00%
18	30,000	34.95	745.13	710.18	2032.00%
19	35,000	34.95	745.13	710.18	2032.00%
20	40,000	34.95	745.13	710.18	2032.00%
21	45,000	34.95	745.13	710.18	2032.00%
22	50,000	34.95	745.13	710.18	2032.00%
23	60,000	34.95	745.13	710.18	2032.00%
24	70,000	34.95	745.13	710.18	2032.00%
25	80,000	34.95	745.13	710.18	2032.00%
26	90,000	34.95	745.13	710.18	2032.00%
27	100,000	34.95	745.13	710.18	2032.00%
28	Average Usage				
	-	$ 34.95	$ 745.13	$ 710.18	2032.00%
29	Median Usage				
	-	$ 34.95	$ 745.13	$ 710.18	2032.00%

Present Rates:

Monthly Minimum:	$ 34.95

Proposed Rates:

Monthly Minimum:	$ 745.13

Saddlebrooke Utility Company
Bill Comparison Present and Proposed Rates
Meter Size: Effluent

Exhibit
Schedule H-4
Page 10
Witness Bourassa

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	-	$ -	$ -	$ -	0.00%
2	1,000	0.58	0.87	0.29	50.00%
3	2,000	1.16	1.74	0.58	50.00%
4	3,000	1.74	2.61	0.87	50.00%
5	4,000	2.32	3.48	1.16	50.00%
6	5,000	2.90	4.35	1.45	50.00%
7	6,000	3.48	5.22	1.74	50.00%
8	7,000	4.06	6.09	2.03	50.00%
9	8,000	4.64	6.96	2.32	50.00%
10	9,000	5.22	7.83	2.61	50.00%
11	10,000	5.80	8.70	2.90	50.00%
12	12,000	6.96	10.44	3.48	50.00%
13	14,000	8.12	12.18	4.06	50.00%
14	16,000	9.28	13.92	4.64	50.00%
15	18,000	10.44	15.66	5.22	50.00%
16	20,000	11.60	17.40	5.80	50.00%
17	25,000	14.50	21.75	7.25	50.00%
18	30,000	17.40	26.10	8.70	50.00%
19	35,000	20.30	30.45	10.15	50.00%
20	40,000	23.20	34.80	11.60	50.00%
21	45,000	26.10	39.15	13.05	50.00%
22	50,000	29.00	43.50	14.50	50.00%
23	60,000	34.80	52.20	17.40	50.00%
24	70,000	40.60	60.90	20.30	50.00%
25	80,000	46.40	69.60	23.20	50.00%
26	90,000	52.20	78.30	26.10	50.00%
27	100,000	58.00	87.00	29.00	50.00%
28	Average Usage				
	10,314,083	$ 5,982.17	$ 8,973.25	$ 2,991.08	50.00%
29	Median Usage				
	10,155,500	$ 5,890.19	$ 8,835.29	$ 2,945.10	50.00%

Present Rates:

Monthly Minimum:	$ -
Gallons in Minimum	-
Charge Per 1,000 Gallons	
All gallons	$ 0.5800

Proposed Rates:

Monthly Minimum:	$ -
Gallons in Minimum	-
Charge Per 1,000 Gallons	
All gallons	$ 0.8700

Exhibit
Schedule H-5
Page 1
Bourassa

Saddlebrooke Utility Company
Test Year Ended September 30, 2025
Meter Size: 5/8x3/4 Inch Residential

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	5,169	5,171	5,165	5,187	5,184	5,193	5,196	5,181	5,178	5,190	5,183	5,183	62,180	62,180	-
														-	62,180	
	Totals	5,169	5,171	5,165	5,187	5,184	5,193	5,196	5,181	5,178	5,190	5,183	5,183	62,180		
										Average Usage				-		
										Median Usage				-		
										Average # Customers				5,182		
										Change in Number of Customers				14		

Saddlebrooke Utility Company
Test Year Ended September 30, 2025
Meter Size: 3/4 Inch Residential

Exhibit
Schedule H-5
Page 2
Bourassa

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	19	19	19	19	19	19	19	19	19	19	19	19	228	228	-
														-	228	
	Totals	19	19	19	19	19	19	19	19	19	19	19	19	228		

Average Usage	-
Median Usage	-
Average # Customers	19
Change in Number of Customers	-

Exhibit
Schedule H-5
Page 3
Bourassa

Saddlebrooke Utility Company
Test Year Ended September 30, 2025
Meter Size: 1 Inch Residential

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	4	4	4	4	4	4	4	4	4	4	4	4	48	48	-
	Totals	4	4	4	4	4	4	4	4	4	4	4	4	48		

Average Usage	-
Median Usage	-
Average # Customers	4
Change in Number of Customers	-

Saddlebrooke Utility Company
Test Year Ended September 30, 2025
Meter Size: 5/8x3/4 Inch Commercial

Exhibit
Schedule H-5
Page 4
Bourassa

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	21	21	20	20	19	19	20	20	20	20	21	21	242	242	-
														-	242	
	Totals	21	21	20	20	19	19	20	20	20	20	21	21	242		
										Average Usage				-		
										Median Usage				-		
										Average # Customers				20		
										Change in Number of Customers				-		

Exhibit
Schedule H-5
Page 5
Bourassa

Saddlebrooke Utility Company
Test Year Ended September 30, 2025
Meter Size: 3/4 Inch Commercial

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	3	3	3	3	3	3	3	3	3	3	3	3	36	36	-
														-	36	
	Totals	3	3	3	3	3	3	3	3	3	3	3	3	36		
										Average Usage				-		
										Median Usage				-		
										Average # Customers				3		
										Change in Number of Customers				-		

Exhibit
Schedule H-5
Page 6
Bourassa

Saddlebrooke Utility Company

Test Year Ended September 30, 2025

Meter Size: 1Inch Commercial

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	12	12	12	12	12	12	12	12	12	12	12	12	144	144	-
														-	144	
	Totals	12	12	12	12	12	12	12	12	12	12	12	12	144		
										Average Usage				-		
										Median Usage				-		
										Average # Customers				12		
										Change in Number of Customers				-		

Saddlebrooke Utility Company
Test Year Ended September 30, 2025
Meter Size: 1.5 Inch Commecial

Exhibit
Schedule H-5
Page 7
Bourassa

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	2	2	2	2	2	2	2	2	2	2	2	2	24	24	-
														-	24	
	Totals	2	2	2	2	2	2	2	2	2	2	2	2	24		

Average Usage	-
Median Usage	-
Average # Customers	2
Change in Number of Customers	-

Saddlebrooke Utility Company
Test Year Ended September 30, 2025
Meter Size: 2 Inch Commecial

Exhibit
Schedule H-5
Page 8
Bourassa

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	4	4	4	4	4	4	4	4	4	4	4	4	48	48	-
														-	48	
	Totals	4	4	4	4	4	4	4	4	4	4	4	4	48		
										Average Usage				-		
										Median Usage				-		
										Average # Customers				4		
										Change in Number of Customers				-		

Saddlebrooke Utility Company
Test Year Ended September 30, 2025
Meter Size: 3 Inch Commecial

Exhibit
Schedule H-5
Page 9
Bourassa

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	1	1	1	1	1	1	1	1	1	1	1	1	12	12	-
														-	12	
	Totals	1	1	1	1	1	1	1	1	1	1	1	1	12		
										Average Usage				-		
										Median Usage				-		
										Average # Customers				1		
										Change in Number of Customers				-		

Saddlebrooke Utility Company
Test Year Ended September 30, 2025
Meter Size: Effluent

Exhibit
Schedule H-5
Page 10
Bourassa

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-													-	-	-
1	1,000													-	-	-
1,001	2,000													-	-	-
2,001	3,000													-	-	-
3,001	4,000													-	-	-
4,001	5,000													-	-	-
5,001	6,000													-	-	-
6,001	7,000													-	-	-
7,001	8,000													-	-	-
8,001	9,000													-	-	-
9,001	10,000													-	-	-
10,001	11,000													-	-	-
11,001	12,000													-	-	-
12,001	13,000													-	-	-
13,001	14,000													-	-	-
14,001	15,000													-	-	-
15,001	16,000													-	-	-
16,001	17,000													-	-	-
17,001	18,000													-	-	-
18,001	19,000													-	-	-
19,001	20,000													-	-	-
20,001	21,000													-	-	-
21,001	22,000													-	-	-
22,001	23,000													-	-	-
23,001	24,000													-	-	-
24,001	25,000													-	-	-
25,001	26,000													-	-	-
26,001	27,000													-	-	-
27,001	28,000													-	-	-
28,001	29,000													-	-	-
29,001	30,000													-	-	-
30,001	31,000													-	-	-
31,001	32,000													-	-	-
32,001	33,000													-	-	-
33,001	34,000													-	-	-
34,001	35,000													-	-	-
35,001	36,000													-	-	-
36,001	37,000													-	-	-
37,001	38,000													-	-	-
38,001	39,000													-	-	-
39,001	40,000													-	-	-
40,001	41,000													-	-	-
41,001	42,000													-	-	-

Saddlebrooke Utility Company
Test Year Ended September 30, 2025
Meter Size: Effluent

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
42,001	43,000													-	-	-
43,001	44,000													-	-	-
44,001	45,000													-	-	-
45,001	46,000													-	-	-
46,001	47,000													-	-	-
47,001	48,000													-	-	-
48,001	49,000													-	-	-
49,001	50,000													-	-	-
50,001	51,000													-	-	-
51,001	52,000													-	-	-
52,001	53,000													-	-	-
53,001	54,000													-	-	-
54,001	55,000													-	-	-
55,001	56,000													-	-	-
56,001	57,000													-	-	-
57,001	58,000													-	-	-
58,001	59,000													-	-	-
59,001	60,000													-	-	-
60,001	61,000													-	-	-
61,001	62,000													-	-	-
62,001	63,000													-	-	-
63,001	64,000													-	-	-
64,001	65,000													-	-	-
65,001	66,000													-	-	-
66,001	67,000													-	-	-
67,001	68,000													-	-	-
68,001	69,000													-	-	-
69,001	70,000													-	-	-
70,001	71,000													-	-	-
71,001	72,000													-	-	-
72,001	73,000													-	-	-
73,001	74,000													-	-	-
74,001	75,000													-	-	-
75,001	76,000													-	-	-
76,001	77,000													-	-	-
77,001	78,000													-	-	-
78,001	79,000													-	-	-
79,001	80,000													-	-	-
80,001	81,000													-	-	-
81,001	82,000													-	-	-
82,001	83,000													-	-	-
83,001	84,000													-	-	-
84,001	85,000													-	-	-

Exhibit
Schedule H-5
Page 10
Bourassa

Saddlebrooke Utility Company
Test Year Ended September 30, 2025
Meter Size: Effluent

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
85,001	86,000													-	-	-
86,001	87,000													-	-	-
87,001	88,000													-	-	-
88,001	89,000													-	-	-
89,001	90,000													-	-	-
90,001	91,000													-	-	-
91,001	92,000													-	-	-
92,001	93,000													-	-	-
93,001	94,000													-	-	-
94,001	95,000													-	-	-
95,001	96,000													-	-	-
96,001	97,000													-	-	-
97,001	98,000													-	-	-
98,001	99,000													-	-	-
99,001	100,000													-	-	-
8,420,000	8,420,000						1							1	1	8,420
8,420,000	8,420,000								1					1	2	16,840
9,301,000	9,301,000									1				1	3	26,141
9,337,000	9,337,000					1								1	4	35,478
9,869,000	9,869,000										1			1	5	45,347
9,955,000	9,955,000											1		1	6	55,302
10,356,000	10,356,000		1											1	7	65,658
10,396,000	10,396,000							1						1	8	76,054
11,572,000	11,572,000	1												1	9	87,626
11,665,000	11,665,000			1										1	10	99,291
12,129,000	12,129,000				1									1	11	111,420
12,349,000	12,349,000												1	1	12	123,769
	-													-	12	123,769
														-	12	
Totals		1	1	1	1	1	1	1	1	1	1	1	1	12		

Average Usage	10,314,083
Median Usage	10,155,500
Average # Customers	1
Change in Number of Customers	-

EXHIBIT CB-DT2

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Schedule A-1
Page 1
Witness: Barbee

Line No.	Revenue Requirement	Adjusted Amount
1	Fair Value Rate Base	$ 11,053,967
2		
3	Adjusted Operating Income	(108,867)
4		
5	Current Rate of Return	-0.98%
6		
7	Required Operating Income	$ 996,626
8		
9	Required Rate of Return on Fair Value Rate Base	9.02%
10		
11	Operating Income Deficiency / (Sufficiency)	$ 1,105,493
12		
13	Gross Revenue Conversion Factor	1.3497
14		
15	Increase / (Decrease) in Gross Revenue	
16	Requirement	$ 1,492,124
17		
18	Adjusted Test Year Revenues	$ 1,140,309
19	Increase / (Decrease) in Gross Revenue Requirement	1,492,124
20	Proposed Revenue Requirement	$ 2,632,434
21	% Increase / (Decrease)	130.85%
22		

23 24	Meter Size	Class	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
25	5/8x3/4 Inch	Residential	$ -	$ -	$ -	0.00%
26	3/4 Inch	Residential	1,065,622	2,523,393	1,457,771	136.80%
27	1 Inch	Residential	-	-	-	0.00%
28		Subtotal	$ 1,065,622	$ 2,523,393	$ 1,457,771	136.80%
29						
30	5/8x3/4 Inch	Commercial	-	-	-	0.00%
31	3/4 Inch	Commercial	2,364	5,598	3,234	136.80%
32	1 Inch	Commercial	-	-	-	0.00%
33	1.5 Inch	Commercial	-	-	-	0.00%
34	2 Inch	Commercial	-	-	-	0.00%
35	3 Inch	Commercial	-	-	-	0.00%
36		Subtotal	$ 2,364	$ 5,598	$ 3,234	136.80%
37						
38	Effluent		$ 40,208	$ 40,208	$ -	0%
39	Revenue Annualization		22,409	53,064	30,655	137%
40						
41	**Subtotal**		$ 1,130,603	$ 2,622,263	$ 1,491,660	131.93%
42						
43						
44	Miscellaneous Revenues		$ 9,109	$ 9,109	$ -	0.00%
45	Reconciling Amount		597	1,061	464	77.72%
46	Rounding				1	0.00%
47	**Total of Sewer Revenues**		$ 1,140,309	$ 2,632,434	$ 1,492,125	130.85%
48						
49	SUPPORTING SCHEDULES:					
50	B-1					
51	C-1					
52	C-3					
53	H-1					

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Summary of Results of Operations

Exhibit
Schedule A-2
Page 1
Witness: Barbee

		Prior Years Ended		Test Year		Projected Year	
Line No.	Description	9/30/2023	9/30/2024	Actual 9/30/2025	Adjusted 9/30/2025	Present Rates 9/30/2026	Proposed Rates 9/30/2026
1	Gross Revenues	$ 1,029,935	$ 1,079,334	$ 1,130,020	$ 1,140,309	$ 1,140,309	$ 2,632,434
2							
3	Revenue Deductions and	704,353	742,696	820,710	1,249,176	1,249,176	1,635,808
4	Operating Expenses						
5							
6	Operating Income	$ 325,581	$ 336,638	$ 309,310	$ (108,867)	$ (108,867)	$ 996,626
7							
8	Other Income and	53,664	43,164	(2,060)	(2,060)	(2,060)	(2,060)
9	Deductions						
10							
11	Interest Expense	(1,270)	-	-	(280,329)	(280,329)	(280,329)
12							
13	Net Income	$ 377,976	$ 379,801	$ 307,250	$ (391,256)	$ (391,256)	$ 714,237
14							
15	Common Shares	49,711	49,711	49,711	49,711	49,711	49,711
16							
17	Earned Per Average						
18	Common Share	7.60	7.64	6.18	(7.87)	(7.87)	14.37
19							
20	Dividends Paid	-	-	-	-	-	-
21							
22	Dividends Per						
23	Common Share	-	-	-	-	-	-
24							
25	Payout Ratio	-	-	-	-	-	-
26							
27	Return on Average						
28	Invested Capital	3.67%	3.42%	2.77%	-3.34%	-2.93%	5.35%
29							
30	Return on Year End						
31	Capital	3.54%	3.30%	2.88%	-3.07%	-2.80%	5.12%
32							
33	Return on Average						
34	Common Equity	3.80%	3.73%	2.90%	-3.86%	-3.68%	6.39%
35							
36	Return on Year End						
37	Common Equity	3.76%	3.67%	2.84%	-3.93%	-3.75%	6.19%
38							
39	Times Bond Interest Earned						
40	Before Income Taxes	256.37	-	-	0.07	0.07	4.40
41							
42	Times Total Interest and						
43	Preferred Dividends Earned						
44	After Income Taxes	257.14	-	-	1.10	1.10	2.55
45							
46							
47	SUPPORTING SCHEDULES						
48	C-1						
49	E-2						
50	F-1						

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Summary of Capital Structure

Exhibit
Schedule A-3
Page 1
Witness: Barbee

Line No.	Description:	Prior Years Ended 9/30/2023	9/30/2024	Test Year 9/30/2025	Projected Year 9/30/2026
1					
2	Short-Term Debt	-	-	-	-
3					
3	Long-Term Debt	-	-	-	-
4					
5	Total Debt	$ -	$ -	$ -	$ -
6					
7					
8	Preferred Stock	-	-	-	-
9					
10	Common Equity	10,048,347	10,340,145	10,822,401	10,822,401
11					
12					
13	Total Capital & Debt	$ 10,048,347	$ 10,340,145	$ 10,822,401	$ 10,822,401
14					
15					
16	Capitalization Ratios:				
17					
18	Long-Term Debt	0.00%	0.00%	0.00%	0.00%
19					
20	Total Debt	0.00%	0.00%	0.00%	0.00%
21					
22					
23	Preferred Stock	-	-	-	-
24					
25	Common Equity	100.00%	100.00%	100.00%	100.00%
26					
27					
28	Total Capital	100.00%	100.00%	100.00%	100.00%
29					
30					
31	Weighted Cost of				
32	Senior Capital	0.00%	0.00%	0.00%	0.00%
33					
34					
35	SUPPORTING SCHEDULES:				
36	E-1				
37	D-1				

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Construction Expenditures
and Gross Utility Plant in Service

Exhibit
Schedule A-4
Page 1
Witness: Barbee

Line No.		Construction Expenditures	Net Plant Placed in Service	Gross Utility Plant in Service
1	Prior Year Ended 12/31/2021	-	-	11,240,332
2				
3	Prior Year Ended 12/31/2022	1,152,828	1,152,828	12,393,160
4				
5	Test Year Ended 12/31/2023	59,984	59,984	12,453,144
6				
7	Projected Year Ended 12/31/2024	770,326	770,326	13,223,471
8	check		-	
9				
10	SUPPORTING SCHEDULES:			
11	B-2			
12	E-5			
13	F-3			

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Summary Statements of Cash Flows

Exhibit
Schedule A-5
Page 1
Witness: Barbee

Line No.		Prior Year Ended 9/30/2023	Prior Year Ended 9/30/2024	Test Year Ended 9/30/2025	Projected Year	
					Present Rates 9/30/2026	Proposed Rates 9/30/2026
1	Cash Flows from Operating Activities					
2	Net Income	$ 377,976	$ 379,801	$ 307,250	$ (391,256)	$ 714,237
3	Adjustments to reconcile net income to net cash	-	-	-		
4	provided by operating activities:	-	-	-		
5	Depreciation and Amortization	189,883	193,862	160,123	450,140	450,140
6	Depreciation and Amortization Adjustments	-	-	-	-	-
7	Changes in Certain Assets and Liabilities:	-	-	-		
8	Accounts Receivable	(5,339)	(2,231)	(8,820)	-	-
9	Other Receivables	-	-	-	-	-
10	Materials and Supplies Inventory	-	-	-	-	-
11	Prepaid Expenses	1,154	(1,238)	5,022	-	-
12	Deferred Regulatory Assets/Liabilities	(1,375)	627	237	-	-
13	Deferred Income Taxes	-	-	-	-	-
14	Receivables/Payables to Associated Co.	315,251	876,525	(792,122)	-	-
15	Accounts Payable	(46,822)	19,038	(17,731)	-	-
16	Interest Payable	-	-	-	-	-
17	Customer Meter and Security Deposits	-	-	-	-	-
18	Taxes Payable	670	(1,200)	1,085	-	-
19	Other assets and liabilities	-	-	-	-	-
20	Rounding	-	-	-	-	-
21	Net Cash Flow provided by Operating Activities	$ 831,397	$ 1,465,185	$ (344,956)	$ 58,885	$ 1,164,377
22	Cash Flow From Investing Activities:					
23	Capital Expenditures	(633,022)	(1,175,712)	(142,983)	-	-
24	Plant Held for Future Use	-	-	-		
25	Changes in Special Funds	-	-	-		
26	Net Cash Flows from Investing Activities	$ (633,022)	$ (1,175,712)	$ (142,983)	$ -	$ -
27	Cash Flow From Financing Activities					
28	Change in Restricted Cash	-	-	-	-	-
29	Proceeds from Long-Term Debt	-	-	-	-	-
30	Net receipt of contributions in aid of construction	-	-	-	-	-
31	Net receipts of advances in aid of construction	-	-	-	-	-
32	Repayments of Long-Term Debt	-	-	-	-	-
33	Distributions	-	-	-	-	-
34	Deferred Financing Costs	-	-	-	-	-
35	Paid in Capital	(151,907)	(88,004)	175,006	-	-
36	Net Cash Flows (Used) Provided by Financing Activities	$ (151,907)	$ (88,004)	$ 175,006	$ -	$ -
37	Increase/ (Decrease) in Cash and Cash Equivalents	46,468	201,469	(312,933)	58,885	1,164,377
38	Cash and Cash Equivalents at Beginning of Year	199,675	246,143	447,612	134,679	134,679
39	Cash and Cash Equivalents at End of Year	$ 246,143	$ 447,612	$ 134,679	$ 193,564	$ 1,299,057
40						
41						
42	SUPPORTING SCHEDULES:					
43	E-3					
44	F-2					

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Summary of Rate Base

Exhibit
Schedule B-1
Page 1
Witness: Barbee

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	$ 13,223,471	$ 13,223,471
3	Less: Accumulated Depreciation	2,265,157	2,265,157
4			
5	Net Utility Plant in Service	$ 10,958,313	$ 10,958,313
6			
7	Less:		
8	Advances in Aid of Construction	-	-
9			
10	Contributions in Aid of Construction	-	-
11			
12	Accumulated Amortization of CIAC	-	-
13			
14	Customer Meter Deposits	-	-
15	Customer Security Deposits	-	-
16	Accumulated Deferred Income Tax	-	-
17	Deferred Regulatory Liability - Tax (EADIT)	-	-
18			
19	Plus:		
20	Deferred Reg. Asset	-	-
21		-	-
22	Prepayments	3,193	3,193
23	Materials and Supplies	-	-
24	Cash Working Capital	92,461	92,461
25			
26			
27	Total Rate Base	$ 11,053,967	$ 11,053,967
28			
29			
30	SUPPORTING SCHEDULES:		
31	B-2		
32	B-3		
33	B-5		
34	E-1		

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments

Exhibit
Schedule B-2
Page 1
Witness: Barbee

Line No.		Actual at End of Test Year	Proforma Adjustments	Adjusted at end End of Test Year
1				
2	Gross Utility Plant in Service	$ 12,453,144	770,326	$ 13,223,471
3				
4	**Less:**			
5				
6	Accumulated Depreciation	2,398,700	(133,542)	2,265,157
7				
8				
9				
10	Net Utility Plant in Service	$ 10,054,444	$ 903,869	$ 10,958,313
11				
12	**Less:**			
13				
14	Advances in Aid of Construction	-	-	-
15				
16				
17	Contributions in Aid of Construction	-	-	-
18				
19	Accumulated Amortization of CIAC	-	-	-
20				
21	Customer Meter Deposits	-		-
22	Customer Security Deposits	-	-	-
23	Accumulated Deferred Income Tax	-	-	-
24	Deferred Regulatory Liability - Tax (EADIT)	-	-	-
25				-
26				
27	**Plus:**			
28	Deferred Reg. Asset	-	-	-
29				
30	Prepayments	(581)	3,775	3,193
31	Materials and Supplies	-	-	-
32	Cash Working capital	-	92,461	92,461
33				-
34				
35	Total	$ 10,053,863	$ 1,000,105	$ 11,053,967
36				
37				
38	SUPPORTING SCHEDULES:			RECAP SCHEDULES:
39	B-2, pages 2			B-1
40	E-1			

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments

			Proforma Adjustments				
		Actual at End of Test Year	1 Plant-in-Service	2 Accumulated Depreciation	3 Prepayments	4 Working Capital	Adjusted at end of Test Year
Line No.							
1							
2	Gross Utility Plant in Service	$ 12,453,144	770,326				$ 13,223,471
3							
4	**Less:**						
5							
6	Accumulated Depreciation	2,398,700		(133,542)			2,265,157
7							
8							
9							
10	Net Utility Plant in Service	$ 10,054,444	$ 770,326	$ 133,542	$ -	$ -	$ 10,958,313
11							
12	**Less:**						
13							
14	Advances in Aid of Construction	-					-
15							
16							
17	Contributions-in-Aid of Construction	-					-
18							
19	Accumulated Amort of CIAC	-					-
20							
21	Customer Deposits	-					-
22	Customer Security Deposits	-					-
23	Accumulated Deferred Income Taxes	-					-
24	Deferred Regulatory Liability - Tax (EADIT)	-					-
25							
26	**Plus:**						
27	Deferred Reg. Asset	-					-
28							-
29	Prepayments	(581)			3,775		3,193
30	Materials and Supplies	-					-
31	Cash Working Capital	-				92,461	92,461
32							
33	Total	$ 10,053,863	$ 770,326	$ 133,542	$ 3,775	$ 92,461	$ 11,053,967
34							
35							
36	SUPPORTING SCHEDULES:					RECAP SCHEDULES:	
37	B-2, pages 3-5					B-1	
38	E-1						

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1
Plant-in-Service

Line No.	NARUC	Account Description	Actual Original Cost	A 3.1 PTY Plant	B 3.2 Test-Year Proforma Retirements	C 3.3 Adjustments to Reconcile Plant to Reconstruction	Adjusted Original Cost
1	351	Organization	4,617	-	-	-	4,617
2	352	Franchise	-	-	-	-	-
3	353	Land	-	-	-	-	-
4	354	Structures & Improvements	85,791	70,000	(3,200)	-	152,591
5	355	Power Generation Equipment	23,461	300,000	-	-	323,461
6	360	Collection System - Force	-	-	-	-	-
7	361	Collection System - Gravity	5,154,333	50,840	-	-	5,205,173
8	362	Special Collection Structures	-	-	-	-	-
9	363	Services to Customers	1,937,090	21,080	-	-	1,958,170
10	364	Flow Measuring Devices	-	-	-	-	-
11	365	Flow Measuring Installations	-	-	-	-	-
12	366	Reuse Services	-	-	-	-	-
13	367	Reuse Meters and Meter Installations	-	-	-	-	-
14	370	Receiving Wells	1,029	-	-	-	1,029
15	371	Pumping Equipment	10,895	-	-	-	10,895
16	374	Reuse Distribution Reservoirs	-	-	-	-	-
17	375	Reuse Transmission and Distribution System	-	-	-	-	-
18	380	Treatment and Disposal Equipment	5,161,672	76,631	(1,416)	0	5,236,887
19	381	Plant Sewers	-	-	-	-	-
20	382	Outfall Sewer Lines	-	-	-	-	-
21	389	Other Plant and Miscellaneous Equipment	756	-	-	0	756
22	390	Office Furniture and Equipment	410	-	-	-	410
23	390.1	Computers & Software	9,461	-	-	-	9,461
24	391	Transportation Equipment	17,576	-	-	-	17,576
25	392	Stores Equipment	-	-	-	-	-
26	393	Tools, Shop And Garage Equipment	10,115	-	-	-	10,115
27	394	Laboratory Equip	11,212	-	-	-	11,212
28	395	Power Operated Equipment	511	256,391	-	-	256,903
29	396	Communication Equipment	9,058	-	-	-	9,058
30	397	Miscellaneous Equipment	15,156	-	-	-	15,156
31	398	Other Tangible Plant	-	-	-	-	-
32							
33							
34		SUBTOTAL	12,453,144	774,942	(4,616)	0	13,223,471
35							
36							
37		Plant Held for Future Use					-
38		TOTALS	$ 12,453,144	$ 774,942	$ (4,616)	$ -	$ 13,223,471
39							
40	Plant-in-Service per Books						$ 12,453,144
41							
42	Increase (decrease) in Plant-in-Service						$ 770,326
43							
44	Adjustment to Plant-in-Service						$ 770,326
45							
46							
47	SUPPORTING SCHEDULES						
48	B-2, pages 3.1 to 3.5						

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - A
Post Test-Year Plant

Exhibit
Schedule B-2
Page 3.1
Witness: Barbee

Line No.	NARUC	Account Description		PTYP
1	351	Organization	$	-
2	352	Franchise		-
3	353	Land		-
4	354	Structures & Improvements		70,000
5	355	Power Generation Equipment		300,000
6	360	Collection System - Force		-
7	361	Collection System - Gravity		50,840
8	362	Special Collection Structures		-
9	363	Services to Customers		21,080
10	364	Flow Measuring Devices		-
11	365	Flow Measuring Installations		-
12	366	Reuse Services		-
13	367	Reuse Meters and Meter Installations		-
14	370	Receiving Wells		-
15	371	Pumping Equipment		-
16	374	Reuse Distribution Reservoirs		-
17	375	Reuse Transmission and Distribution System		-
18	380	Treatment and Disposal Equipment		76,631
19	381	Plant Sewers		-
20	382	Outfall Sewer Lines		-
21	389	Other Plant and Miscellaneous Equipment		-
22	390	Office Furniture and Equipment		-
23	390.1	Computers & Software		-
24	391	Transportation Equipment		-
25	392	Stores Equipment		-
26	393	Tools, Shop And Garage Equipment		-
27	394	Laboratory Equip		-
28	395	Power Operated Equipment		256,391
29	396	Communication Equipment		-
30	397	Miscellaneous Equipment		-
31	398	Other Tangible Plant		-
32				
33				
34		TOTAL	$	774,942
35				
36				

37 SUPPORTING SCHEDULE
38 Testimony
39 Work papers

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - B
Test-Year Proforma Retirements

Exhibit
Schedule B-2
Page 3.2
Witness: Barbee

Line No.	NARUC	Account Description		Amount
1	351	Organization	$	-
2	352	Franchise		-
3	353	Land		-
4	354	Structures & Improvements		(3,200)
5	355	Power Generation		-
6	360	Collection Sewer Forced		-
7	361	Collection Sewers Gravity		-
8	362	Special Collecting Structures		-
9	363	Customer Services		-
10	364	Flow Measuring Devices		-
11	365	Flow Measuring Installations		-
12	366	Reuse Services		-
13	367	Reuse Meters And Installation		-
14	370	Receiving Wells		-
15	371	Pumping Equipment		-
16	374	Reuse Distribution Reservoirs		-
17	375	Reuse Trans. and Dist. System		-
18	380	Treatment & Disposal Equipment		(1,416)
19	381	Plant Sewers		-
20	382	Outfall Sewer Lines		-
21	389	Other Sewer Plant & Equipment		-
22	390	Office Furniture & Equipment		-
23	390.1	Computers and Software		-
24	391	Transportation Equipment		-
25	392	Stores Equipment		-
26	393	Tools, Shop And Garage Equip		-
27	394	Laboratory Equip		-
28	395	Power Operated Equip		-
29	396	Communication Equip		-
30	397	Miscellaneous Equip.		-
31	398	Other Tangible Plant		-
32				
33		TOTAL	$	(4,616)
34				
35				
36	SUPPORTING SCHEDULE			
37	Testimony			
38	Work papers			

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - C
Reconciliation of Plant to Plant Reconstruction

Exhibit
Schedule B-2
Page 3.3
Witness: Barbee

Line No.	NARUC	Account Description	Original Cost	B-2 Adjustments	Adjusted Original Cost	Plant Per Reconstruction	Difference
1	351	Organization	$ 4,617	$ -	$ 4,617	$ 4,617	$ -
2	352	Franchise	-	-	-	-	-
3	353	Land	-	-	-	-	-
4	354	Structures & Improvements	85,791	66,800	152,591	152,591	-
5	355	Power Generation Equipment	23,461	300,000	323,461	323,461	-
6	360	Collection System - Force	-	-	-	-	-
7	361	Collection System - Gravity	5,154,333	50,840	5,205,173	5,205,173	-
8	362	Special Collection Structures	-	-	-	-	-
9	363	Services to Customers	1,937,090	21,080	1,958,170	1,958,170	-
10	364	Flow Measuring Devices	-	-	-	-	-
11	365	Flow Measuring Installations	-	-	-	-	-
12	366	Reuse Services	-	-	-	-	-
13	367	Reuse Meters and Meter Installations	-	-	-	-	-
14	370	Receiving Wells	1,029	-	1,029	1,029	-
15	371	Pumping Equipment	10,895	-	10,895	10,895	-
16	374	Reuse Distribution Reservoirs	-	-	-	-	-
17	375	Reuse Transmission and Distribution System	-	-	-	-	-
18	380	Treatment and Disposal Equipment	5,161,672	75,215	5,236,887	5,236,887	0
19	381	Plant Sewers	-	-	-	-	-
20	382	Outfall Sewer Lines	-	-	-	-	-
21	389	Other Plant and Miscellaneous Equipment	756	-	756	756	0
22	390	Office Furniture and Equipment	410	-	410	410	-
23	390.1	Computers & Software	9,461	-	9,461	9,461	-
24	391	Transportation Equipment	17,576	-	17,576	17,576	-
25	392	Stores Equipment	-	-	-	-	-
26	393	Tools, Shop And Garage Equipment	10,115	-	10,115	10,115	-
27	394	Laboratory Equip	11,212	-	11,212	11,212	-
28	395	Power Operated Equipment	511	256,391	256,903	256,903	-
29	396	Communication Equipment	9,058	-	9,058	9,058	-
30	397	Miscellaneous Equipment	15,156	-	15,156	15,156	-
31	398	Other Tangible Plant	-	-	-	-	-
32							
33							
34							
35		TOTALS	$ 12,453,144	$ 770,326	$ 13,223,470	$ 13,223,471	$ 0
36							
37							
38	SUPPORTING SCHEDULE						
39	B-2, pages 3.1 through 3.4						
40	B-2, pages 3.6 through 3.10						

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2
Accumulated Depreciation

Exhibit
Schedule B-2
Page 4
Witness: Barbee

Line No.	NARUC	Account Description	Per Books Accum. Depr.	A 4.1 PTY Plant A/D	B 4.2 Test-Year Proforma Retirements	C 4.3 Adjustments to Reconcile A/D to Reconstruction	Adjusted Accum. Depr.
1	351	Organization	-	-	-	-	-
2	352	Franchise	-	-	-	-	-
3	353	Land	-	-	-	-	-
4	354	Structures & Improvements	5,210	1,166	(3,200)	1,097	4,272
5	355	Power Generation Equipment	1,074	7,500	-	(4,016)	4,558
6	360	Collection System - Force	-	-	-	-	-
7	361	Collection System - Gravity	707,698	508	-	17,370	725,576
8	362	Special Collection Structures	-	-	-	-	-
9	363	Services to Customers	276,337	211	-	4,605	281,153
10	364	Flow Measuring Devices	-	-	-	-	-
11	365	Flow Measuring Installations	-	-	-	-	-
12	366	Reuse Services	-	-	-	-	-
13	367	Reuse Meters and Meter Installations	-	-	-	-	-
14	370	Receiving Wells	73	-	-	19	93
15	371	Pumping Equipment	(67,340)	-	-	9,162	(58,178)
16	374	Reuse Distribution Reservoirs	-	-	-	-	-
17	375	Reuse Transmission and Distribution System	-	-	-	-	-
18	380	Treatment and Disposal Equipment	1,474,700	1,916	(1,416)	(191,132)	1,284,068
19	381	Plant Sewers	-	-	-	-	-
20	382	Outfall Sewer Lines	-	-	-	-	-
21	389	Other Plant and Miscellaneous Equipment	185	-	-	21,159	21,344
22	390	Office Furniture and Equipment	(21)	-	-	12	(9)
23	390.1	Computers & Software	626	-	-	225	851
24	391	Transportation Equipment	827	-	-	(1,506)	(679)
25	392	Stores Equipment	-	-	-	-	-
26	393	Tools, Shop And Garage Equipment	319	-	-	94	412
27	394	Laboratory Equip	831	-	-	164	995
28	395	Power Operated Equipment	29	6,410	-	(3,839)	2,600
29	396	Communication Equipment	(5,952)	-	-	(40)	(5,992)
30	397	Miscellaneous Equipment	4,104	-	-	(12)	4,092
31	398	Other Tangible Plant	-	-	-	-	-
32							
33							
34	108	Accumulated Depreciation	-			-	-
35		TOTALS	$ 2,398,700	$ 17,710	$ (4,616)	$ (146,637)	$ 2,265,157
36							
37	Accumulated Depreciation per Books						$ 2,398,700
38							
39	Increase (decrease) in Accumulated Depreciation						$ (133,542)
40							
41	Adjustment to Accumulated Depreciation						$ (133,542)
42							
43							
44	SUPPORTING SCHEDULES						
45	B-2, pages 4.1 through 4.5						

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - A
Post Test-Year Plant Depreciation

Exhibit
Schedule B-2
Page 4.1
Witness: Barbee

Line No.	NARUC	Account Description	Amount	Depr. Rate	Depreciation (1/2 yr. conv.)
1	351	Organization	$ -	0.00%	$ -
2	352	Franchise	-	0.00%	-
3	353	Land	-	0.00%	-
4	354	Structures & Improvements	70,000	3.33%	1,166
5	355	Power Generation	300,000	5.00%	7,500
6	360	Collection Sewer Forced	-	2.00%	-
7	361	Collection Sewers Gravity	50,840	2.00%	508
8	362	Special Collecting Structures	-	2.00%	-
9	363	Customer Services	21,080	2.00%	211
10	364	Flow Measuring Devices	-	10.00%	-
11	365	Flow Measuring Installations	-	10.00%	-
12	366	Reuse Services	-	2.00%	-
13	367	Reuse Meters And Installation	-	8.33%	-
14	370	Receiving Wells	-	3.33%	-
15	371	Pumping Equipment	-	12.50%	-
16	374	Reuse Distribution Reservoirs	-	2.50%	-
17	375	Reuse Trans. and Dist. System	-	2.50%	-
18	380	Treatment & Disposal Equipment	76,631	5.00%	1,916
19	381	Plant Sewers	-	5.00%	-
20	382	Outfall Sewer Lines	-	3.33%	-
21	389	Other Sewer Plant & Equipment	-	6.67%	-
22	390	Office Furniture & Equipment	-	6.67%	-
23	390.1	Computers and Software	-	20.00%	-
24	391	Transportation Equipment	-	20.00%	-
25	392	Stores Equipment	-	4.00%	-
26	393	Tools, Shop And Garage Equip	-	5.00%	-
27	394	Laboratory Equip	-	10.00%	-
28	395	Power Operated Equip	256,391	5.00%	6,410
29	396	Communication Equip	-	10.00%	-
30	397	Miscellaneous Equip.	-	10.00%	-
31	398	Other Tangible Plant	-	10.00%	-
32					
33		TOTAL	$ 774,942		$ 17,710
34					
35					

36 SUPPORTING SCHEDULE
37 Testimony
38 Work papers

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - B
Test-Year Proforma Retirements

Exhibit
Schedule B-2
Page 4.2
Witness: Barbee

Line No.	NARUC	Account Description		A/D Amount
1	351	Organization	$	-
2	352	Franchise		-
3	353	Land		-
4	354	Structures & Improvements		(3,200)
5	355	Power Generation		-
6	360	Collection Sewer Forced		-
7	361	Collection Sewers Gravity		-
8	362	Special Collecting Structures		-
9	363	Customer Services		-
10	364	Flow Measuring Devices		-
11	365	Flow Measuring Installations		-
12	366	Reuse Services		-
13	367	Reuse Meters And Installation		-
14	370	Receiving Wells		-
15	371	Pumping Equipment		-
16	374	Reuse Distribution Reservoirs		-
17	375	Reuse Trans. and Dist. System		-
18	380	Treatment & Disposal Equipment		(1,416)
19	381	Plant Sewers		-
20	382	Outfall Sewer Lines		-
21	389	Other Sewer Plant & Equipment		-
22	390	Office Furniture & Equipment		-
23	390.1	Computers and Software		-
24	391	Transportation Equipment		-
25	392	Stores Equipment		-
26	393	Tools, Shop And Garage Equip		-
27	394	Laboratory Equip		-
28	395	Power Operated Equip		-
29	396	Communication Equip		-
30	397	Miscellaneous Equip.		-
31	398	Other Tangible Plant		-
32				
33		TOTAL	$	(4,616)
34				
35				

36 SUPPORTING SCHEDULE
37 Testimony
38 Work papers

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - C
Reconciliation of A/D to A/D Reconstruction

Exhibit
Schedule B-2
Page 4.3
Witness: Barbee

Line No.	NARUC	Account Description	A/D Original Cost	B-2 Adjustments	Adjusted A/D Original Cost	A/D Per Reconstruction	Difference
1	351	Organization	$ -	$ -	$ -	$ -	$ -
2	352	Franchise	-	-	-	-	-
3	353	Land	-	-	-	-	-
4	354	Structures & Improvements	5,210	(2,035)	3,175	4,272	1,097
5	355	Power Generation Equipment	1,074	7,500	8,574	4,558	(4,016)
6	360	Collection System - Force	-	-	-	-	-
7	361	Collection System - Gravity	707,698	508	708,206	725,576	17,370
8	362	Special Collection Structures	-	-	-	-	-
9	363	Services to Customers	276,337	211	276,548	281,153	4,605
10	364	Flow Measuring Devices	-	-	-	-	-
11	365	Flow Measuring Installations	-	-	-	-	-
12	366	Reuse Services	-	-	-	-	-
13	367	Reuse Meters and Meter Installations	-	-	-	-	-
14	370	Receiving Wells	73	-	73	93	19
15	371	Pumping Equipment	(67,340)	-	(67,340)	(58,178)	9,162
16	374	Reuse Distribution Reservoirs	-	-	-	-	-
17	375	Reuse Transmission and Distribution System	-	-	-	-	-
18	380	Treatment and Disposal Equipment	1,474,700	500	1,475,200	1,284,068	(191,132)
19	381	Plant Sewers	-	-	-	-	-
20	382	Outfall Sewer Lines	-	-	-	-	-
21	389	Other Plant and Miscellaneous Equipment	185	-	185	21,344	21,159
22	390	Office Furniture and Equipment	(21)	-	(21)	(9)	12
23	390.1	Computers & Software	626	-	626	851	225
23	391	Transportation Equipment	827	-	827	(679)	(1,506)
24	392	Stores Equipment	-	-	-	-	-
25	393	Tools, Shop And Garage Equipment	319	-	319	412	94
26	394	Laboratory Equip	831	-	831	995	164
27	395	Power Operated Equipment	29	6,410	6,438	2,600	(3,839)
28	396	Communication Equipment	(5,952)	-	(5,952)	(5,992)	(40)
29	397	Miscellaneous Equipment	4,104	-	4,104	4,092	(12)
30	398	Other Tangible Plant	-	-	-	-	-
31							
32							
33	108	Accumulated Depreciation	-	-	-	-	-
34		TOTALS	$ 2,398,700	$ 13,094	$ 2,411,794	$ 2,265,157	$ (146,637)
35							
36							

37 SUPPORTING SCHEDULE
38 B-2, pages 4.1 through 4.4
39 B-2, pages 3.6 through 3.10

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 3
Prepayments

Exhibit
Schedule B-2
Page 5
Witness: Barbee

Line No.	Description	Amount
1	Book balance at end of Test Year	(581)
2	Reversal Correction Adjustment	3,775
3	Adjusted TY Amount	3,193

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Lead/Lag Study - Working Cash Requirement

Exhibit
Schedule B-5
Page 1
Witness: Bourassa

Line No.	Description	Proforma Test Year Amount[1]	Revenue Lag (Lead) Days	Expense Lag (Lead) Days	Net Lag (Lead) Days Col. C - Col. D	Lead/Lag Factor Col. E/365	Cash Working Capital Required Col. B * Col. F
1							
2							
3							
4							
5	(A)	(B)	(C)	(D)	(E)	(F)	(G)
6							
7	OPERATING EXPENSES						
8	Salaries and Wages	$ 101,622	51.16	19.00	32.16	0.088100	$ 8,953
9	Salaries and Wages - Officers	-	51.16	19.00	32.16	0.088100	-
10	Employee Benefits	57,415	51.16	27.00	24.16	0.066182	3,800
11	Sludge Removal	57,858	51.16	33.10	18.06	0.049470	2,862
12	Purchased Power	81,336	51.16	28.76	22.40	0.061360	4,991
13	Fuel for Power Production	-	51.16	33.10	18.06	0.049470	-
14	Chemicals	-	51.16	(5.00)	56.16	0.153853	-
15	Materials & Supplies	36,011	51.16	28.85	22.31	0.061114	2,201
16	Office Supplies	17,902	51.16	1.88	49.28	0.135004	2,417
17	Contractual Services - Engineering	-	51.16	31.00	20.16	0.055223	-
18	Contractual Services - Accounting	30,113	51.16	34.83	16.33	0.044740	1,347
19	Contractual Services - Legal	51,124	51.16	35.00	16.16	0.044264	2,263
20	Contractual Services - Management	299,205	51.16	35.00	16.16	0.044264	13,244
21	Contractual Services - Testing	11,295	51.16	35.12	16.04	0.043936	496
22	Contractual Services - Other	48,768	51.16	-	51.16	0.140155	6,835
23	Rental of Building/Real Property	-	51.16	-	51.16	0.140155	-
24	Rental of Equipment	-	51.16	-	51.16	0.140155	-
25	Transportation	5,176	51.16	24.28	26.88	0.073634	381
26	Insurance - Vehicle	6,353	51.16	(182.50)	233.66	0.640155	4,067
27	Insurance - General Liability	46,374	51.16	(182.50)	233.66	0.640155	29,686
28	Insurance - Workman's Compensation	-	51.16	-	51.16	0.140155	-
29	Insurance - Other	-	51.16	-	51.16	0.140155	-
30	Advertising Expense	-	51.16	-	51.16	0.140155	-
31	Regulatory Commission Expenses -Rate Case	-	51.16	-	51.16	0.140155	-
32	Regulatory Commission Expenses	2,523	51.16	35.00	16.16	0.044264	112
33	Miscellaneous	5,898	51.16	35.69	15.46	0.042369	250
34	Customer Deposit Interest						
35							
36	TAXES						
37	General Taxes-Property[1]	66,031	51.16	213.96	(162.80)	(0.446032)	$ (29,452)
38	General Taxes-Other	22,659	51.16	22.00	29.16	0.079881	1,810
39	Income Tax[1]	237,126	51.16	37.00	14.16	0.038785	9,197
40							
41	Other						
42	Interest Expense	280,329	51.16	16.00	35.16	0.096319	27,001
43							
44	TOTAL	$ 1,465,117			WORKING CASH REQUIREMENT		$ 92,461
45							
46					TYCASH WORKING CAPITAL		-
47							
48	[1] At proposed rates.				INCREASE(DECREASE) IN CASH WORKING CAPITAL		$ 92,461
49							

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Income Statement

Exhibit
Schedule C-1
Page 1
Witness: Barbee

Line No.	NARUC	Account Description	Test Year Book Results	Adjustment	Test Year Adjusted Results	Proposed Rate Increase / (Decrease)	Adjusted with Rate Increase / (Decrease)
1		Revenues					
2	521	Flat Rate Revenues	$ 1,082,078	$ 8,914	$ 1,090,992	$ 1,492,124	$ 2,583,116
3	522	Measured Revenues	40,208	-	40,208	-	40,208
4	536	Other Revenues	7,734	1,375	9,109		9,109
5							
6			$ 1,130,020	$ 10,289	$ 1,140,309	$ 1,492,124	$ 2,632,434
7		Operating Expenses					
8	701	Salaries and Wages	$ 101,622	-	$ 101,622		$ 101,622
9	703	Salaries and Wages	188	(188)	-		$ -
10	704	Employee Benefits	57,415	-	57,415		$ 57,415
11	711	Sludge Removal Expense	56,604	1,254	57,858		$ 57,858
12	715	Purchased Power	79,573	1,763	81,336		$ 81,336
13	716	Fuel for Power Production	-	-	-		$ -
14	718	Chemicals	-	-	-		$ -
15	720	Materials and Supplies	36,289	(279)	36,011		$ 36,011
16	721	Office Expenses	19,260	(1,358)	17,902		$ 17,902
17	731	Contractual Services - Engineering	-	-	-		$ -
18	732	Contractual Services - Accounting	12,421	17,692	30,113		$ 30,113
19	733	Contractual Services - Legal	-	51,124	51,124		$ 51,124
20	734	Contractual Services - Management Fees	-	299,205	299,205		$ 299,205
21	735	Contractual Services - Testing	11,295	-	11,295		$ 11,295
22	736	Contractual Services - Other	111,502	(62,734)	48,768		$ 48,768
23	741	Building Rent	-	-	-		$ -
24	742	Equipment Rent	-	-	-		$ -
25	750	Transportation Expense	5,176	-	5,176		$ 5,176
26	756	Insurance - Vehicle	6,353	-	6,353		$ 6,353
27	757	Insurance - General Liability	46,374	-	46,374		$ 46,374
28	758	Insurance - Workman's Compensation	-	-	-		$ -
29	759	Insurance - Other	-	-	-		$ -
30	760	Advertising Expenses	-	-	-		$ -
31	766	Regulatory Commission Expenses - Rate (	-	-	-		$ -
32	767	Regulatory Commission Expenses - Other	2,523	-	2,523		$ 2,523
33	403	Depreciation and Amortization	165,123	285,017	450,140		$ 450,140
34	770	Bad Debt Expense	471	(90)	381	498	$ 879
35	408.11	Property Taxes	32,891	12,974	45,865	20,166	$ 66,031
36	408.12 & 408.13	Taxes Other than Income	22,659	-	22,659		$ 22,659
37	775	Miscellaneous Expense	5,898	-	5,898	-	$ 5,898
38	409 & 410	Income Taxes	47,072	(175,913)	(128,841)	365,967	237,126
39							
40		Total Operating Expenses	$ 820,710	$ 428,466	$ 1,249,176	$ 386,632	$ 1,635,808
41		Operating Income	$ 309,310	$ (418,177)	$ (108,867)	$ 1,105,493	$ 996,626
42		Other Income (Expense)					
43	414	Gains (Losses) From Disposition of Utility I	-	-	-		-
44	419	Interest and Dividend Income	(3,600)	-	(3,600)		(3,600)
45	421	Miscellaneous Non-Utility Income	1,540	-	1,540		1,540
46	426	Miscellaneous Non-Utility Expenses	-	-	-		-
47	427	Interest Expense	-	(280,329)	(280,329)		(280,329)
48							
49		Total Other Income (Expense)	$ (2,060)	$ (280,329)	$ (282,389)	$ -	$ (282,389)
50		Net Profit (Loss)	$ 307,250	$ (698,506)	$ (391,256)	$ 1,105,493	$ 714,237
51							
52							
53	SUPPORTING SCHEDULES:					RECAP SCHEDULES:	
54	C-1, page 2					A-1	
55	E-2						

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Income Statement

Exhibit
Schedule C-2
Page 1
Witness: Barbee

Line No.	NARUC	Account Description	Test Year Book Results	Adjustments 1 Depreciation	2 Property Taxes	3 Revenue Annualization	4 Shared Services Costs	5 Bad Debt	6 Late Fees	7 Officer Salaries	8 Interest Synch.	9 Income Taxes	Test Year Adjusted Results	Proposed Rate Increase / (Decrease)	Adjusted with Rate Increase / (Decrease)
1		Revenues													
2	521	Flat Rate Revenues	$ 1,082,078			8,914							$ 1,090,992	$ 1,492,124	$ 2,583,116
3	522	Measured Revenues	40,208										40,208		40,208
4	536	Other Revenues	7,734			1,375							9,109		9,109
5															
6			$ 1,130,020	$ -	$ -	$ 10,289	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,140,309	$ 1,492,124	$ 2,632,434
7		Operating Expenses													
8	701	Salaries and Wages	$ 101,622										$ 101,622		$ 101,622
9	703	Salaries and Wages	188							(188)			-		-
10	704	Employee Benefits	57,415										57,415		57,415
11	711	Sludge Removal Expense	56,604			1,254							57,858		57,858
12	715	Purchased Power	79,573			1,763							81,336		81,336
13	716	Fuel for Power Production	-										-		-
14	718	Chemicals	-			-							-		-
15	720	Materials and Supplies	36,289						(279)				36,011		36,011
16	721	Office Expenses	19,260				(1,347)		(10)				17,902		17,902
17	731	Contractual Services - Engineering	-										-		-
18	732	Contractual Services - Accounting	12,421				17,692						30,113		30,113
19	733	Contractual Services - Legal	-				51,124						51,124		51,124
20	734	Contractual Services - Management Fees	-				299,205						299,205		299,205
21	735	Contractual Services - Testing	11,295										11,295		11,295
22	736	Contractual Services - Other	111,502				(62,734)						48,768		48,768
23	741	Building Rent	-										-		-
24	742	Equipment Rent	-										-		-
25	750	Transportation Expense	5,176										5,176		5,176
26	756	Insurance - Vehicle	6,353										6,353		6,353
27	757	Insurance - General Liability	46,374										46,374		46,374
28	758	Insurance - Workman's Compensation	-										-		-
29	759	Insurance - Other	-										-		-
30	760	Advertising Expenses	-										-		-
31	766	Regulatory Commission Expenses - Rate Case	-										-		-
32	767	Regulatory Commission Expenses - Other	2,523										2,523		2,523
33	403	Depreciation and Amortization	165,123	285,017									450,140		450,140
34	770	Bad Debt Expense	471					(90)					381	498	879
35	408.11	Property Taxes	32,891		12,974								45,865	20,166	66,031
36	408.12 & 408.13	Taxes Other than Income	22,659										22,659		22,659
37	775	Miscellaneous Expense	5,898										5,898		5,898
38	409 & 410	Income Taxes	47,072									(175,913)	(128,841)	365,967	237,126
39															
40		Total Operating Expenses	$ 820,710	$ 285,017	$ 12,974	$ 3,017	$ 303,940	$ (90)	$ (289)	$ (188)	$ -	$ (175,913)	$ 1,249,176	$ 386,632	$ 1,635,808
41		Operating Income	$ 309,310	$ (285,017)	$ (12,974)	$ 7,272	$ (303,940)	$ 90	$ 289	$ 188	$ -	$ 175,913	$ (108,867)	$ 1,105,493	$ 996,626
42		Other Income (Expense)													
43	414	Gains (Losses) From Disposition of Utility Property	-										-		-
44	419	Interest and Dividend Income	(3,600)										(3,600)		(3,600)
45	421	Miscellaneous Non-Utility Income	1,540										1,540		1,540
46	426	Miscellaneous Non-Utility Expenses	-										-		-
47	427	Interest Expense	-								(280,329)		(280,329)		(280,329)
48															
49		Total Other Income (Expense)	$ (2,060)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (280,329)	$ -	$ (282,389)	$ -	$ (282,389)
50		Net Profit (Loss)	$ 307,250	$ (285,017)	$ (12,974)	$ 7,272	$ (303,940)	$ 90	$ 289	$ 188	$ (280,329)	$ 175,913	$ (391,256)	$ 1,105,493	$ 714,237
51															
52	SUPPORTING SCHEDULES:													RECAP SCHEDULES:	
53	C-2													C-1, page 1	
54	E-2														

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Adjustments to Revenues and Expenses
Adjustment Number 1
Depreciation Expense

Exhibit
Schedule C-2
Page 2
Witness: Barbee

Line No.	NARUC	Account Description	Adjusted Original Cost	Non-Depr. or Fully Depr. Plant	Depr Original Cost	Proposed Rates	Depreciation Expense
1	351	Organization	$ 4,617	$ (4,617)	$ -	0.00%	$ -
2	352	Franchise	-	-	-	0.00%	-
3	353	Land	-	-	-	0.00%	-
4	354	Structures & Improvements	152,591	-	152,591	3.33%	5,081
5	355	Power Generation Equipment	323,461	-	323,461	5.00%	16,173
6	360	Collection System - Force	-	-	-	2.00%	-
7	361	Collection System - Gravity	5,205,173	-	5,205,173	2.00%	104,103
8	362	Special Collection Structures	-	-	-	2.00%	-
9	363	Services to Customers	1,958,170	-	1,958,170	2.00%	39,163
10	364	Flow Measuring Devices	-	-	-	10.00%	-
11	365	Flow Measuring Installations	-	-	-	10.00%	-
12	366	Reuse Services	-	-	-	2.00%	-
13	367	Reuse Meters and Meter Installations	-	-	-	8.33%	-
14	370	Receiving Wells	1,029	-	1,029	3.33%	34
15	371	Pumping Equipment	10,895	-	10,895	12.50%	1,362
16	374	Reuse Distribution Reservoirs	-	-	-	2.50%	-
17	375	Reuse Transmission and Distribution System	-	-	-	2.50%	-
18	380	Treatment and Disposal Equipment	5,236,887	-	5,236,887	5.00%	261,844
19	381	Plant Sewers	-	-	-	5.00%	-
20	382	Outfall Sewer Lines	-	-	-	3.33%	-
21	389	Other Plant and Miscellaneous Equipment	756	-	756	6.67%	50
22	390	Office Furniture and Equipment	410	-	410	6.67%	27
23	390.1	Computers & Software	9,461	-	9,461	20.00%	1,892
24	391	Transportation Equipment	17,576	-	17,576	20.00%	3,515
25	392	Stores Equipment	-	-	-	4.00%	-
26	393	Tools, Shop And Garage Equipment	10,115	-	10,115	5.00%	506
27	394	Laboratory Equip	11,212	-	11,212	10.00%	1,121
28	395	Power Operated Equipment	256,903	-	256,903	5.00%	12,845
29	396	Communication Equipment	9,058	-	9,058	10.00%	906
30	397	Miscellaneous Equipment	15,156	-	15,156	10.00%	1,516
31	398	Other Tangible Plant	-	-	-	10.00%	-
32							
33							
34		TOTALS	$ 13,223,471	$ (4,617)	$ 13,218,854		$ 450,140
35							
36							
37							
38							
39				Fully Amortized	Net		
40			Gross CIAC	CIAC	CIAC	Amort. Rate	
41		Less: Contributions-in-Aid of Construction Amortization	$ -	$ -	$ -	3.4053%	$ -
42							
43			$ -	$ -	$ -		
44		Total Depreciation Expense					$ 450,140
45							
46		Adjusted Test Year Depreciation Expense					$ 165,123
47							
48		Increase / (Decrease) in Depreciation Expense					$ 285,017
49							
50		Adjustment to Revenues and/or Expenses					$ 285,017
51							
52							
53		SUPPORTING SCHEDULE					
54		B-2, page 3					

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Adjustment to Revenues and Expenses
Adjustment Number 2
Property Taxes

Exhibit
Schedule C-2
Page 3
Witness: Barbee

Line No.	Description	Test Year as adjusted	Company Recommended
1	Company Adjusted Test Year Revenues	$ 1,140,309	$ 1,140,309
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	2,280,618	2,280,618
4	Company Recommended Revenue	1,140,309	2,632,434
5	Subtotal (Line 4 + Line 5)	3,420,927	4,913,052
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	1,140,309	1,637,684
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	2,280,618	3,275,368
10	Plus: 10% of CWIP (intentionally excluded)	-	-
11	Less: Net Book Value of Licensed Vehicles	18,255	18,255
12	Full Cash Value (Line 9 + Line 10 - Line 11)	2,262,363	3,257,113
13	Assessment Ratio	16.0%	16.0%
14	Assessment Value (Line 12 * Line 13)	361,978	521,138
15	Composite Property Tax Rate - Obtained from ADOR	12.6705%	12.6705%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	$ 45,865	$ 66,031
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	$ 45,865	
19	Test Year Property Taxes	$ 32,891	
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	**$ 12,974**	
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		$ 66,031
23	Company Test Year Adjusted Property Tax Expense (Line 18)		$ 45,865
24	Increase / (Decrease) in Property Tax Due to Increase / (Decrease) in Revenue Requirement		**$ 20,166**
25			
26	Increase / (Decrease) in Property Tax Due to Increase / (Decrease) in Revenue Requirement (Line 24)		$ 20,166
27	Increase / (Decrease) in Revenue Requirement		$ 1,492,124
28	Increase / (Decrease) in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		1.35152%

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Adjustment to Revenues & Expenses
Adjustment Number 3
Revenue Annualization

Exhibit
Schedule C-2

Witness: Bourassa

Line No.	Description		Amount
1	Revenue Annualization	$	22,409
2	Revenue Accrual Fix		(13,495)
3			
4	Total Revenue from Annualization	$	8,914
5			
6	Misc Charges	$	1,375
7	Total Increase in Other Revenues	$	1,375
8			
9			
10	Sludge Removal Expense Annualization		
11	TY Sludge Removal Expense Annualization	$	56,604
12	Gallons Treated During Test Year (in 1,000s)		46,216
13	Cost per 1,000 gallons	$	1.2248
14			
15	Additional Gallons Treated from Annualization (in 1,000s)		1,024
16			
17	Increase (decrease) in Sludge Removal Expense	$	1,254
18			
19	Purchased Power Annualization		
20	TY Purchased Power Expense	$	79,573
21	Gallons Treated During Test Year (in 1,000s)		46,216
22	Cost per 1,000 gallons	$	1.7218
23			
24	Additional Gallons Treated from Annualization (in 1,000s)		1,024
25			
26	Increase (decrease) in Purchased Power	$	1,763
27			
28	Chemicals Expense Annualization		
29	TY Chemicals Expense	$	-
30	Gallons Treated During Test Year (in 1,000s)		46,216
31	Cost per 1,000 gallons	$	-
32			
33	Additional Gallons Treated from Annualization (in 1,000s)		1,024
34			
35	Increase (decrease) in Chemicals Expense	$	-
36			
37			
38	Adjustment to Revenue and/or Expense	$	7,272
39			
40	SUPPORTING SCHEDULES		
41	Work papers		
42	H-1		

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Adjustment to Revenues & Expenses
Adjustment Number 4
Shared Services Costs

Exhibit
Schedule C-2
Page 5
Witness: Barbee

Line No.	Description	NARUC	Amount
1	Office Expenses	721	(1,347)
2	Contractual Services - Accounting	732	17,692
3	Contractual Services - Legal	733	51,124
4	Contractual Services - Management Fees	734	299,205
5	Contractual Services - Other	736	(62,734)
6	Total Shared Costs Adjustment		303,940
7			
8			
9			
10			
11			
12			
13	<u>SUPPORTING SCHEDULES</u>		
14	JWW Shared Cost Adjustment		

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Adjustment to Revenues & Expenses
Adjustment Number 5
Bad Debt Expense

Exhibit
Schedule C-2
Page 6
Witness: Barbee

Bad Debt Expense

Line No.		Revenues	Bad Debt Expense	Rate	Proposed Rate
1	Bad Debt Rate September 2023	$ 1,029,935	$ 184	0.018%	
2	Bad Debt Rate September 2024	$ 1,079,334	$ 439	0.041%	
3	Bad Debt Rate TYE	$ 1,130,020	$ 471	0.042%	
4	Average of three year's of bad debt expense rate			0.033%	0.033%
5				Adjusted TY	Proposed
6	Revenues			$ 1,140,309	$ 2,632,434
7	Computed Bad Debt Expense			$ 381	$ 879
8	**Change in Bad Debt Expense**			**$ (90)**	
9	**Increase in Bad Debt due to Increase in Revenue Requirement**				**$ 498**
10	Increase in Revenue Requirement				$ 1,492,124
11	**Increase in Bad Debt Expense Per Dollar Increase in Revenue**				**0.03340%**
12	Reference				
13	Testimony				
14	Work papers				

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Adjustment to Revenues & Expenses
Adjustment Number 6
Late Fees

Exhibit
Schedule C-2
Page 7
Witness: Barbee

Line No.	Description	NARUC	Amount
1	Materials and Supplies	720	(279)
2	Office Expense	721	(10)
3	Total Adjustment		(279)

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Adjustment to Revenues & Expenses
Adjustment Number 7
Salaries and Wages

Exhibit
Schedule C-2
Page 8
Witness: Barbee

Line No.	Description	NARUC	Amount
1	Salaries and Wages - Officers	703	(188)
2	Total Adjustment		(188)

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Adjustment to Revenues and Expenses
Adjustment Number 8
Interest Synchronization

Line No.	Description			Amount
1	Fair Value Rate Base			$ 11,053,967
2	Weighted Cost of Debt			2.54%
3	Interest Expense			$ 280,329
4				
5	Test Year Interest Expense			$ -
6				
7	Increase / (Decrease) in Interest Expense			280,329
8				
9				
10				
11	Adjustment to Revenue and/or Expense			$ (280,329)
12				
13				
14	Weighted Cost of Debt Computation			
15	Pro forma Capital Structure			Weighted
16		Percent	Cost	Cost
17	Debt	40.00%	6.34%	2.54%
18	Equity	60.00%	10.80%	6.48%
19	Total	100.00%		9.02%

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Adjustment to Revenues and/or Expenses
Adjustment Number 9
Income Taxes

Exhibit
Schedule C-2
Page 10
Witness: Barbee

Line No.		Test Year at Present Rates		Test Year at Proposed Rates	
1	Computed Income Tax	$	(128,841)	$	237,126
2	Test Year Income tax Expense		47,072		(128,841)
3	Adjustment to Income Tax Expense	$	(175,913)	$	365,967
4					
5					
6					
7					
8					
9					
10	SUPPORTING SCHEDULE				
11	C-3, page 2				

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Computation of Gross Revenue Conversion Factor

Exhibit
Schedule C-3
Page 1
Witness: Barbee

Line No.	Description		Percentage of Incremental Gross Gross Revenues
1	Federal Effective Income Tax Rate		19.9710%
2			
3	State Effective Income Tax Rate		4.9000%
4			
5	Uncollectible Rate		0.0251%
6			
7	Property Taxes		1.0154%
8			
9			
10	Total Tax Percentage		25.911%
11			
12	Operating Income % = 100% - Tax Percentage		74.089%
13			
14			
15			
16			
17	1	= Gross Revenue Conversion Factor	
18	Operating Income %		1.3497
19			
20			
21	<u>SUPPORTING SCHEDULES:</u>		<u>RECAP SCHEDULES:</u>
22	C-3, page 2		A-1

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Gross Revenue Conversion Factor

Exhibit
Schedule C-3
Page 2
Witness: Barbee

Line No.	Description	(A)	(B)	(C)	(D)	(E)	(F)
	Calculation of Gross Revenue Conversion Factor:						
1	Revenue	100.0000%					
2	Uncollectible Factor (Line 11)	0.0251%					
3	Revenues (L1 - L2)	99.9749%					
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	25.8864%					
5	Subtotal (L3 - L4)	74.0885%					
6	Revenue Conversion Factor (L1 / L5)	1.349737					
	Calculation of Uncollectible Factor:						
7	Unity	100.0000%					
8	Combined Federal and State Tax Rate (L17)	24.8710%					
9	One Minus Combined Income Tax Rate (L7 - L8)	75.1290%					
10	Uncollectible Rate	0.0334%					
11	Uncollectible Factor (L9 * L10)		0.0251%				
	Calculation of Effective Tax Rate:						
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%					
13	Arizona State Income Tax Rate	4.9000%					
14	Federal Taxable Income (L12 - L13)	95.1000%					
15	Applicable Federal Income Tax Rate (L55, Col E)	21.0000%					
16	Effective Federal Income Tax Rate (L14 x L15)	19.9710%					
17	Combined Federal and State Income Tax Rate (L13 +L16)		24.8710%				
	Calculation of Effective Property Tax Factor						
18	Unity	100.0000%					
19	Combined Federal and State Income Tax Rate (L17)	24.8710%					
20	One Minus Combined Income Tax Rate (L18-L19)	75.1290%					
21	Property Tax Factor	1.3515%					
22	Effective Property Tax Factor (L20*L21)		1.0154%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			25.8864%			
24	Required Operating Income	$ 996,626					
25	Adjusted Test Year Operating Income (Loss)	$ (108,867)					
26	Required Increase / (Decrease) in Operating Income (L24 - L25)		$ 1,105,493				
27	Income Taxes on Recommended Revenue (Col. (E), L52)	$ 237,126					
28	Income Taxes on Test Year Revenue (Col. (B), L54)	$ (128,841)					
29	Required Increase / (Decrease) in Revenue to Provide for Income Taxes (L27 - L28)		$ 365,967				
30	Recommended Revenue Requirement	$ 2,632,434					
31	Uncollectible Rate	0.0334%					
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	$ 879					
33	Adjusted Test Year Uncollectible Expense	$ 381					
34	Required Increase / (Decrease) in Revenue to Provide for Uncollectible Exp.		$ 498				
35	Property Tax with Recommended Revenue	$ 66,031					

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Gross Revenue Conversion Factor

Exhibit
Schedule C-3
Page 2
Witness: Barbee

36	Property Tax on Test Year Revenue	$ 45,865	
37	Increase in Property Tax Due to Increase / (Decrease) in Revenue (L35-L36)		$ 20,166
38	Total Required Increase / (Decrease) in Revenue (L26 + L29 + L37)		$ 1,492,124

		(A)	(B)	(C)	(D)	(E)	(F)
		Test Year			Company Recommended		
		Total	Sewer		Total	Sewer	
	Calculation of Income Tax:						
39	Revenue	$ 1,140,309	$ 1,140,309		$ 2,632,434	$ 2,632,434	
40	Operating Expenses Excluding Income Taxes	$ 1,378,017	$ 1,378,017		$ 1,398,682	$ 1,398,682	
41	Synchronized Interest (L47)	$ 280,329	$ 280,329		$ 280,329	$ 280,329	
42	Arizona Taxable Income (L39 - L40 - L41)	$ (518,037)	$ (518,037)		$ 953,423	$ 953,423	
43	Arizona State Effective Income Tax Rate	4.9000%	4.9000%		4.9000%	4.9000%	
44	Arizona Income Tax (L42 x L43)	$ (25,384)	$ (25,384)		$ 46,718	$ 46,718	
45	Federal Taxable Income (L42- L44)	$ (492,653)	$ (492,653)		$ 906,705	$ 906,705	
46							
47	Federal Taxes at 21%	$ (103,457)	$ (103,457)		$ 190,408	$ 190,408	
48							
49							
50							
51							
52							
53	Total Federal Income Tax	$ (103,457)	$ (103,457)		$ 190,408	$ 190,408	
54	Combined Federal and State Income Tax (L35 + L42)	$ (128,841)	$ (128,841)		$ 237,126	$ 237,126	

55	<u>COMBINED</u> Applicable Federal Income Tax Rate [Col. [D], L53 - Col. [A], L53 / [Col. [D], L45 - Col. [A], L45]	21.0000%		
56	<u>WASTEWATER</u> Applicable Federal Income Tax Rate [Col. [E], L53 - Col. [B], L53] / [Col. [E], L45 - Col. [B], L45]		21.0000%	
57	<u>WATER</u> Applicable Federal Income Tax Rate [Col. [F], L53 - Col. [C], L53] / [Col. [F], L45 - Col. [C], L45]			0.0000%

		Sewer	
	Calculation of Interest Synchronization:		
58	Rate Base	$ 11,053,967	
59	Weighted Average Cost of Debt	2.5360%	
60	Synchronized Interest (L45 X L46)	$ 280,329	

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Rate Case Expense Surcharge Computation

Exhibit
Rate Case Expense
Page 1
Witness: Barbee

Line No.	Description		Amount
1	Estimate of Total Rate Case Expense	$	28,898
2	Amortization Period (Years)		3
3	Annual Amount	$	9,633
4	Number of Customers		1,878
5	Annual Surcharge per Customer	$	5.13
6	Monthly Surcharge per Customer	$	0.43

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Summary of Cost of Capital

Exhibit
Schedule D-1
Page 1
Witness: Bourassa

		Adjusted End of Test Year				Projected Capital Structure			
Line No.	Item of Capital	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost
1	Long-Term Debt	-	0.00%	0.00%	0.00%	-	40.00%	6.34%	2.54%
2									
3	Stockholder's Equity	10,822,401	100.00%	10.00%	10.00%	10,822,401	60.00%	10.80%	6.48%
4									
5	Totals	10,822,401	100.00%		10.00%	10,822,401	100.00%		9.02%
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22	SUPPORTING SCHEDULES:					RECAP SCHEDULES:			
23	D-1					A-3			
24	D-2								
25	D-3								
26	D-4								
27	E-1								
28	Testimony								

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Cost of Long Term Debt

Exhibit
Schedule D-2
Page 1
Witness: Bourassa

		End of Test Year				End of Projected Year			
Line No.	Description of Debt	Amount Outstanding	Annual Interest	Interest Rate	Weighted Cost	Amount Outstanding	Annual Interest	Interest Rate	Weighted Cost
1									
2		$ -	-	0.00%	0.000%	$ -	-	6.34%	2.536%
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13	Totals	$ -	-		0.000%	$ -	-		2.536%
14									
15									
16	Supporting Schedules:								
17	E-1								
18	E-2								
19	Testimony								

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Cost of Preferred Stock

Exhibit
Schedule D-3
Page 1
Witness: Bourassa

Line No.							
1			End of Test Year			End of Projected Year	
2							
3	Description	Shares		Dividend	Shares		Dividend
4	of Issue	Outstanding	Amount	Requirement	Outstanding	Amount	Requirement
5							
6							
7	NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING						
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21	SUPPORTING SCHEDULES:				RECAP SCHEDULES:		
22	E-1				D-1		

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Cost of Common Equity

Exhibit
Schedule D-4
Page 1
Witness: Bourassa

Line No.			
1			
2	The Company is proposing a cost of common equity of	10.80%	.
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17	SUPPORTING SCHEDULES:		RECAP SCHEDULES:
18	E-1		D-1
19	See Cost of Capital Testimony		
20			

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Comparative Balance Sheets

Exhibit
Schedule E-1
Page 1
Witness: Barbee

Line No.		Test Year Ended 9/30/2025	Year Ended 9/30/2024	Year Ended 9/30/2023
1	**ASSETS**			
2	Plant In Service	$ 12,453,144	$ 12,393,160	$ 11,240,332
3	Non-Utility Plant	-	-	-
4	Construction Work in Progress	391,187	308,188	285,304
5	Property Held for Future Use	-	-	-
6	Less: Accumulated Depreciation	(2,398,700)	(2,238,576)	(2,044,715)
7	Net Plant	$ 10,445,631	$ 10,462,772	$ 9,480,922
8				
9	CURRENT ASSETS			
10	Cash and Equivalents	$ 134,679	$ 447,612	$ 246,143
11	Restricted Cash	-	-	-
12	Accounts Receivable, Net	95,027	86,208	83,977
13	Inter-Company Receivable	(10,147)	500,256	877,055
14	Other Receivables	-	-	-
15	Notes Receivable	-	-	-
16	Materials and Supplies Inventory	-	-	-
17	Prepayments	(581)	4,440	3,202
18	Deposits	-	-	-
19	Other Current Assets	-	-	-
20	Total Current Assets	$ 218,978	$ 1,038,516	$ 1,210,377
21				
22	OTHER ASSETS			
23	Deferred Regulatory Assets	$ -	$ -	$ -
24	Deferred Regulatory Assets - Tax	-	-	-
25	Deferred Debits	$ -	$ -	$ -
26				
27	TOTAL ASSETS	$ 10,664,609	$ 11,501,287	$ 10,691,299
28				
29				
30	**LIABILITIES AND STOCKHOLDER EQUITY**			
31				
32	Stockholder's Equity	$ 10,822,401	$ 10,340,145	$ 10,048,347
33				
34	Long-Term Debt	$ -	$ -	$ -
35				
36	CURRENT LIABILITIES			
37	Accounts Payable	$ 13,456	$ 31,187	$ 12,148
38	Current Portion of Long-Term Debt	-	-	-
39	Payables to Associated Companies	(204,519)	1,098,006	598,281
40	Security Deposits	-	-	-
41	Customer Meter Deposits, Current	-	-	-
42	Current Portion of AIAC	-	-	-
43	Accrued Taxes	28,240	27,156	28,356
44	Accrued Interest	-	-	-
45	Other Current Liabilities	-	-	-
46	Total Current Liabilities	$ (162,822)	$ 1,156,349	$ 638,785
47				
48	DEFERRED CREDITS			
49	Customer Meter Deposits, less current	$ -	$ -	$ -
50	Advances in Aid of Construction - Tax Gross-up	-	-	-
51	Advances in Aid of Construction	-	-	-
52	AIAC in-progress	-	-	-
53	Accumulated Deferred Investment Tax Credits	-	-	-
54	Accumulated Deferred Income Taxes	-	-	-
55	Deferred Regulatory Liabilities - Tax (EADIT)	-	-	-
56	Deferred Regulatory Liabilities - Tax Gross-up	-	-	-
57	Contributions In Aid of Construction	-	-	-
58	Accumulated Amortization	-	-	-
59	CIAC in-progress	-	-	-
60	Other Deferred Credits	5,030	4,794	4,166
61	Total Deferred Credits	$ 5,030	$ 4,794	$ 4,166
62				
63	Total Liabilities & Common Equity	$ 10,664,609	$ 11,501,287	$ 10,691,299
64				
65		-	-	-
66				
67	SUPPORTING SCHEDULES:			
68	Work papers			

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Comparative Income Statements

Exhibit
Schedule E-2
Page 1
Witness: Barbee

Line No.		Test Year Ended 9/30/2025	Prior Year Ended 9/30/2024	Prior Year Ended 9/30/2023
1	**Revenues**			
2	Flat Rate Revenues	$ 1,082,078	$ 1,035,338	$ 988,241
3	Measured Revenues	40,208	37,278	33,632
4	Other Revenues	7,734	6,718	8,062
5				
6	**Total Revenues**	$ 1,130,020	$ 1,079,334	$ 1,029,935
7	**Operating Expenses**			
8	Salaries and Wages	$ 101,622	$ 87,879	$ 72,946
9	Salaries and Wages	188	1,721	1,716
10	Employee Benefits	57,415	10,315	12,220
11	Sludge Removal Expense	56,604	140,381	166,596
12	Purchased Power	79,573	84,814	91,854
13	Fuel for Power Production	-	-	-
14	Chemicals	-	-	-
15	Materials and Supplies	36,289	43,287	919
16	Office Expenses	19,260	16,875	18,210
17	Contractual Services - Engineering	-	-	-
18	Contractual Services - Accounting	12,421	900	520
19	Contractual Services - Legal	-	-	2,366
20	Contractual Services - Management Fees	-	-	-
21	Contractual Services - Testing	11,295	11,325	13,730
22	Contractual Services - Other	111,502	3,000	3,000
23	Building Rent	-	-	-
24	Equipment Rent	-	-	-
25	Transportation Expense	5,176	23,845	25,022
26	Insurance - Vehicle	6,353	3,132	4,412
27	Insurance - General Liability	46,374	11,168	10,960
28	Insurance - Workman's Compensation	-	-	-
29	Insurance - Other	-	-	-
30	Advertising Expenses	-	-	-
31	Regulatory Commission Expenses - Rate Case	-	-	-
32	Regulatory Commission Expenses - Other	2,523	-	-
33	Depreciation and Amortization	165,123	241,770	222,400
34	Bad Debt Expense	471	439	184
35	Property Taxes	32,891	35,860	34,872
36	Taxes Other than Income	22,659	22,272	19,470
37	Miscellaneous Expense	5,898	3,713	2,957
38	Income Taxes	47,072	-	-
39				
40	**Total Operating Expenses**	$ 820,710	$ 742,696	$ 704,353
41	**Operating Income**	$ 309,310	$ 336,638	$ 325,581
42	**Other Income (Expense)**			
43	Gains (Losses) From Disposition of Utility Property	-	-	-
44	Interest and Dividend Income	(3,600)	41,921	52,699
45	Miscellaneous Non-Utility Income	1,540	1,243	970
46	Miscellaneous Non-Utility Expenses	-	-	(5)
47	Interest Expense	-	-	(1,270)
48				
49	**Total Other Income (Expense)**	$ (2,060)	$ 43,164	$ 52,394
50	**Net Profit (Loss)**	$ 307,250	$ 379,801	$ 377,976
51		-		
52				
53				
54	SUPPORTING SCHEDULES:		RECAP SCHEDULES:	
55	Work papers		A-2	

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Comparative Statements of Cash Flows

Exhibit
Schedule E-3
Page 1
Witness: Barbee

Line		Test	Prior	Prior
No.		Year	Year	Year
1		Ended	Ended	Ended
2		9/30/2025	9/30/2024	9/30/2023
3	Cash Flows from Operating Activities			
4	Net Income	$ 307,250	$ 379,801	$ 377,976
5	Adjustments to reconcile net income to net cash			
6	provided by operating activities:			
7	Depreciation and Amortization	160,123	193,862	189,883
8	Depreciation and Amortization Adjustments			
9	Changes in Certain Assets and Liabilities:			
10	Accounts Receivable	(8,820)	(2,231)	(5,339)
11	Other Receivables	-	-	-
12	Materials and Supplies Inventory	-	-	-
13	Prepaid Expenses	5,022	(1,238)	1,154
14	Deferred Regulatory Assets/Liabilities	237	627	(1,375)
15	Deferred Income Taxes	-	-	-
16	Receivables/Payables to Associated Co.	(792,122)	876,525	315,251
17	Accounts Payable	(17,731)	19,038	(46,822)
18	Interest Payable	-	-	-
19	Customer Meter and Security Deposits	-	-	-
20	Taxes Payable	1,085	(1,200)	670
21	Other assets and liabilities	-	-	-
22	Rounding			
23	Net Cash Flow provided by Operating Activities	$ (344,956)	$ 1,465,185	$ 831,397
24	Cash Flow From Investing Activities:			
25	Capital Expenditures	(142,983)	(1,175,712)	(633,022)
26	Plant Held for Future Use	-	-	-
27	Changes in Special Funds			
28	Net Cash Flows from Investing Activities	$ (142,983)	$ (1,175,712)	$ (633,022)
29	Cash Flow From Financing Activities			
30	Change in Restricted Cash	-	-	-
31	Proceeds from Long-Term Debt	-	-	-
32	Net receipt of contributions in aid of construction	-	-	-
33	Net receipts of advances in aid of construction	-	-	-
34	Repayments of Long-Term Debt	-	-	-
35	Distributions	-	-	-
36	Deferred Financing Costs	-	-	-
37	Paid in Capital	175,006	(88,004)	(151,907)
38	Net Cash Flows Provided by Financing Activities	$ 175,006	$ (88,004)	$ (151,907)
39	Increase / (Decrease) in Cash and Cash Equivalents	(312,933)	201,469	46,468
40	Cash and Cash Equivalents at Beginning of Year	447,612	246,143	199,675
41	Cash and Cash Equivalents at End of Year	$ 134,679	$ 447,612	$ 246,143
42				
43				
44	SUPPORTING SCHEDULES:		RECAP SCHEDULES:	
45	Work papers		A-5	
46	E-1			
47	E-2			

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Statement of Changes in Stockholder's Equity

Exhibit
Schedule E-4
Page 1
Witness: Barbee

Line No.		Stockholder's Equity	Retained Earnings	Total
1				
2				
3				
4	Balance, September 30, 2022	$ 9,442,323	$ 379,956	$ 9,822,279
5	Addnl Paid In Capital Adjustment	-		-
6	Distributions	-		-
7	Net Income	(11,471)	237,540	226,069
8				
9	Balance, September 30, 2023	$ 9,430,852	$ 617,496	$ 10,048,347
10	Addnl Paid In Capital Adjustment	-		-
11	Distributions	-		-
12	Net Income	1,826	289,972	291,797
13				
14	Balance, September 30, 2024	$ 9,432,677	$ 907,467	$ 10,340,145
15	Addnl Paid In Capital Adjustment	175,006		175,006
16	Distributions	-		-
17	Net Income	(72,551)	379,801	307,250
18				
19	Balance, September 30, 2025	$ 9,535,132	$ 1,287,269	$ 10,822,401
20				
21				
22				
23				
24				
25				
26	SUPPORTING SCHEDULES:		RECAP SCHEDULES: E-1	

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Detail of Plant in Service

Exhibit
Schedule E-5
Page 1
Witness: Barbee

Line No.	Acct. No.	Plant Description	Plant Balance at 9/30/2024	Plant Additions, Reclass-ifications or or Retirements	Plant Balance at 9/30/2025
1					
2	106	Plant Not Classified	$ -	$ -	$ -
3	351	Organization	4,617	-	4,617
4	352	Franchise	-	-	-
5	353	Land	-	-	-
6	354	Structures & Improvements	79,706	6,085	85,791
7	355	Power Generation Equipment	23,461	-	23,461
8	360	Collection System - Force	-	-	-
9	361	Collection System - Gravity	5,154,333	-	5,154,333
10	362	Special Collection Structures	-	-	-
11	363	Services to Customers	1,937,090	-	1,937,090
12	364	Flow Measuring Devices	-	-	-
13	365	Flow Measuring Installations	-	-	-
14	366	Reuse Services	-	-	-
15	367	Reuse Meters and Meter Installations	-	-	-
16	370	Receiving Wells	1,029	-	1,029
17	371	Pumping Equipment	10,895	-	10,895
18	374	Reuse Distribution Reservoirs	-	-	-
19	375	Reuse Transmission and Distribution System	-	-	-
20	380	Treatment and Disposal Equipment	5,117,576	44,097	5,161,672
21	381	Plant Sewers	-	-	-
22	382	Outfall Sewer Lines	-	-	-
23	389	Other Plant and Miscellaneous Equipment	756	-	756
24	390	Office Furniture and Equipment	410	-	410
25	390.1	Computers & Software	9,461	-	9,461
26	391	Transportation Equipment	17,576	-	17,576
27	392	Stores Equipment	-	-	-
28	393	Tools, Shop And Garage Equipment	3,465	6,650	10,115
29	394	Laboratory Equip	8,059	3,152	11,212
30	395	Power Operated Equipment	511	-	511
31	396	Communication Equipment	9,058	-	9,058
32	397	Miscellaneous Equipment	15,156	-	15,156
33	398	Other Tangible Plant	-	-	-
34		TOTAL SEWER PLANT	$ 12,393,160	$ 59,984	$ 12,453,144
35					
36	SUPPORTING SCHEDULES			RECAP SCHEDULES:	
37	Work papers			A-4	
				E-1	

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Operating Statistics

Exhibit
Schedule E-7
Page 1
Witness: Barbee

Line No.		Test Year Ended 9/30/2025	Prior Year Ended 9/30/2024	Prior Year Ended 9/30/2023
1	WASTEWATER STATISTICS:			
2				
3				
4				
5	Total Gallons Treated (in Thousands)	46,216	42,848	38,658
6				
7				
8				
9	Wastewater Revenues from Customers:	$ 1,130,020	$ 1,079,334	$ 1,029,935
10				
11				
12				
13				
14	Year End Number of Customers	1,878	1,792	1,737
15				
16				
17	Annual Gallons (in Thousands)			
18	Treated Per Year End Customer	25	24	22
19				
20				
21				
22	Annual Revenue per Year End Customer	$ 601.71	$ 602.31	$ 592.94
23				
24	Pumping Cost Per 1,000 Gallons	$ 1.7218	$ 1.9794	$ 2.3761
25	Purchased Water Cost per 1,000 Gallons	$ -	$ -	$ -

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Taxes Charged to Operations

Exhibit
Schedule E-8
Page 1
Witness: Barbee

Line No.		Test Year Ended 9/30/2025	Prior Year Ended 9/30/2024	Prior Year Ended 9/30/2023
1	Description			
2				
3	State Income Taxes	$ -	$ -	$ -
4	Federal Income Taxes	47,072	-	-
5	Payroll Taxes	7,235	6,367	5,306
6	Property Taxes	32,891	35,860	34,872
7				
8	Totals	$ 87,198	$ 42,227	$ 40,178

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Notes To Financial Statements

Exhibit
Schedule E-9

Witness: Barbee

The Company does not conduct independent audits, reviews and/or compilations. Accordingly, there are no notes which are typically associated with these financial statements. Management makes the following notations to the financial statements contained herein:

Significant Accounting Policies - The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States of America and the accounting records of the are are maintained in accordance with the uniform system of accounts as prescribed by the National Association of Regulatory Utility Commissioners (USOA 1996). Significant accounting policies are as follows:

Utility Plant - Property, plant and equipment is stated at cost less accumulated depreciation provided on a straight-line basis.

Depreciation rates for asset classes of utility property, plant and equipment are established by the Commission. The cost of additions, including betterments and replacements of units of utility fixed assets are charged to utility property, plant and equipment. When units of utility property are replaced, renewed or retired, their cost plus removal or disposal costs, less salvage proceeds, is charged to accumulated depreciation.

Revenue Recognition - Revenues are recognized on the accrual method. Under this method, revenue is recognized when earned rather than when collected, and expenses are recognized when incurred rather than when paid.

Contributions in Aid of Construction - Contributions in aid of construction (CIAC) are nonrefundable contributions by developers and customers for plant expansion. In addition, this amount includes the remaining balance, if any, of advances in aid of construction at the end of the repayment period. The contributions in aid of construction are being amortized at a rate equal to the rate allowed for depreciation, as a reduction of depreciation expense

Advances in Aid of Construction - Customer advances for construction are subject to refund in accordance with agreements approved by the Arizona Corporation Commission. Agreements provide for refunds which are typically equal to 10 percent of annual sewer revenue generated from the expansion. The repayments are for a maximum agreed upon period or until repaid in full. Any balance remaining at the end of the agreed-upon period for repayment becomes a contribution in aid of construction.

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Projected Income Statements - Present & Proposed Rates

Exhibit
Schedule F-1
Page 1
Witness: Barbee

Line No.		Test Year Actual Results	At Present Rates Year Ended 9/30/2026	At Proposed Rates Year Ended 9/30/2026
1	**Revenues**			
2	Flat Rate Revenues	$ 1,082,078	$ 1,090,992	$ 2,583,116
3	Measured Revenues	40,208	40,208	40,208
4	Other Revenues	7,734	9,109	9,109
5				
6		$ 1,130,020	$ 1,140,309	$ 2,632,434
7	**Operating Expenses**			
8	Salaries and Wages	$ 101,622	$ 101,622	$ 101,622
9		188	-	-
10	Employee Benefits	57,415	57,415	57,415
11	Sludge Removal Expense	56,604	57,858	57,858
12	Purchased Power	79,573	81,336	81,336
13	Fuel for Power Production	-	-	-
14	Chemicals	-	-	-
15	Materials and Supplies	36,289	36,011	36,011
16	Office Expenses	19,260	17,902	17,902
17	Contractual Services - Engineering	-	-	-
18	Contractual Services - Accounting	12,421	30,113	30,113
19	Contractual Services - Legal	-	51,124	51,124
20	Contractual Services - Management Fees	-	299,205	299,205
21	Contractual Services - Testing	11,295	11,295	11,295
22	Contractual Services - Other	111,502	48,768	48,768
23	Building Rent	-	-	-
24	Equipment Rent	-	-	-
25	Transportation Expense	5,176	5,176	5,176
26	Insurance - Vehicle	6,353	6,353	6,353
27	Insurance - General Liability	46,374	46,374	46,374
28	Insurance - Workman's Compensation	-	-	-
29	Insurance - Other	-	-	-
30	Advertising Expenses	-	-	-
31	Regulatory Commission Expenses - Rate Case	-	-	-
32	Regulatory Commission Expenses - Other	2,523	2,523	2,523
33	Depreciation and Amortization	165,123	450,140	450,140
34	Bad Debt Expense	471	381	879
35	Property Taxes	32,891	45,865	66,031
36	Taxes Other than Income	22,659	22,659	22,659
37	Miscellaneous Expense	5,898	5,898	5,898
38	Income Taxes	47,072	(128,841)	237,126
39	**Total Operating Expenses**	$ 820,710	$ 1,249,176	$ 1,635,808
40	**Operating Income**	$ 309,310	$ (108,867)	$ 996,626
41	**Other Income (Expense)**			
42	Gains (Losses) From Disposition of Utility Property	-	-	-
43	Interest and Dividend Income	(3,600)	(3,600)	(3,600)
44	AFUDC Income	1,540	1,540	1,540
45	Miscellaneous Non-Utility Expenses	-	-	-
46	Interest Expense	-	(280,329)	(280,329)
47				
48	**Total Other Income (Expense)**	$ (2,060)	$ (282,389)	$ (282,389)
49	**Net Profit (Loss)**	$ 307,250	$ (391,256)	$ 714,237
50		-	-	-
51				
52	SUPPORTING SCHEDULES:			
53	C-1			

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Projected Statements of Changes in Financial Position
Present and Proposed Rates

Exhibit
Schedule F-2
Page 1
Witness: Barbee

Line No.		Test Year Ended 9/30/2025	At Present Rates Year Ended 9/30/2026	At Proposed Rates Year Ended 9/30/2026
1				
2				
3				
4				
5	Cash Flows from Operating Activities			
6	Net Income	$ 307,250	$ (391,256)	$ 714,237
7	Adjustments to reconcile net income to net cash			
8	provided by operating activities:			
9	Depreciation and Amortization	160,123	450,140	450,140
10	Depreciation Adjustments	-		
11	Changes in Certain Assets and Liabilities:			
12	Accounts Receivable	(8,820)		
13	Other Receivables	-		
14	Materials and Supplies Inventory	-		
15	Prepaid Expenses	5,022		
16	Deferred Regulatory Assets/Liabilities	237		
17	Deferred Income Taxes	-		
18	Receivables/Payables to Associated Co.	(792,122)		
19	Accounts Payable	(17,731)		
20	Interest Payable	-		
21	Customer Meter and Security Deposits	-		
22	Taxes Payable	1,085		
23	Other assets and liabilities	-		
24	Rounding	-		
25	Net Cash Flow provided by Operating Activities	$ (344,956)	$ 58,885	$ 1,164,377
26	Cash Flow From Investing Activities:			
27	Capital Expenditures	(142,983)	-	-
28	Plant Held for Future Use	-		
29	Changes in debt reserve fund	-		
30	Net Cash Flows from Investing Activities	$ (142,983)	$ -	$ -
31	Cash Flow From Financing Activities			
32	Change in Restricted Cash	-		
33	Change in net amounts due to parent and affiliates	-		
34	Net Receipt contributions in aid of construction	-		
35	Net receipts of advances in aid of construction	-		
36	Long-Term Debt	-	-	-
37	Dividends Paid	-	-	-
38	Deferred Financing Costs	-		
39	Paid in Capital	175,006		
40	Net Cash Flows Provided by Financing Activities	$ 175,006	$ -	$ -
41	Increase / (Decrease) in Cash and Cash Equivalents	(312,933)	58,885	1,164,377
42	Cash and Cash Equivalents at Beginning of Year	447,612	134,679	134,679
43	Cash and Cash Equivalents at End of Year	$ 134,679	$ 193,564	$ 1,299,057
44				
45				
46				
47	SUPPORTING SCHEDULES:			
48	E-3			
49				
50				
51				
52				

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Projected Construction Requirements

Exhibit
Schedule F-3
Page 1
Witness: Barbee

Line No.					
1					
2	Account				
3	Number	Plant Asset:	Test Year	2026	2027
4	351	Organization	$ -	$ -	$ -
5	352	Franchise	-	-	-
6	353	Land	-	-	-
7	354	Structures & Improvements	6,085	70,000	-
8	355	Power Generation Equipment	-	300,000	-
9	360	Collection System - Force	-	-	-
10	361	Collection System - Gravity	-	101,680	101,680
11	362	Special Collection Structures	-	-	-
12	363	Services to Customers	-	42,160	42,160
13	364	Flow Measuring Devices	-	-	-
14	365	Flow Measuring Installations	-	-	-
15	366	Reuse Services	-	-	-
16	367	Reuse Meters and Meter Installations	-	-	-
17	370	Receiving Wells	-	-	-
18	371	Pumping Equipment	-	-	-
19	374	Reuse Distribution Reservoirs	-	-	-
20	375	Reuse Transmission and Distribution System	-	-	-
21	380	Treatment and Disposal Equipment	44,097	104,160	7,304,160
22	381	Plant Sewers	-	-	-
23	382	Outfall Sewer Lines	-	-	-
24	389	Other Plant and Miscellaneous Equipment	-	-	-
25	390	Office Furniture and Equipment	-	-	-
26	390.1	Computers & Software	-	-	-
27	391	Transportation Equipment	-	-	-
28	392	Stores Equipment	-	-	-
29	393	Tools, Shop And Garage Equipment	6,650	-	-
30	394	Laboratory Equip	3,152	-	-
31	395	Power Operated Equipment	-	50,000	-
32	396	Communication Equipment	-	-	-
33	397	Miscellaneous Equipment	-	-	-
34	398	Other Tangible Plant	-	-	-
35					
36					
37					
38	Total		$ 59,984	$ 668,000	$ 7,448,000

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Assumptions Used in Rate Filing

Exhibit
Schedule F-4
Page 1
Witness: Barbee

Property Taxes were computed using the method used by the Arizona Department of Revenue modified for ratemaking.

Projected construction expenditures are shown on Schedule A-4.

Expense adjustments are shown on Schedule C2, and are explained in the testimony.

Income taxes were computed using statutory state and federal income tax rates.

Exhibit
Schedule H-1
Page 1
Witness Bourassa

Mountain Pass Utility Company

Test Year Ended September 30, 2025
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8x3/4 Inch	Residential	$ -	$ -	$ -	0.00%	0.00%	0.00%
2	3/4 Inch	Residential	1,065,622	2,523,393	1,457,771	136.80%	93.45%	95.86%
3	1 Inch	Residential	-	-	-	0.00%	0.00%	0.00%
4		Subtotal	1,065,622	2,523,393	1,457,771	136.80%	93.45%	95.86%
5								
6	5/8x3/4 Inch	Commercial	$ -	$ -	$ -	0.00%	0.00%	0.00%
7	3/4 Inch	Commercial	2,364	5,598	3,234	136.80%	0.21%	0.21%
8	1 Inch	Commercial	-	-	-	0.00%	0.00%	0.00%
9	1.5 Inch	Commercial	-	-	-	0.00%	0.00%	0.00%
10	2 Inch	Commercial	-	-	-	0.00%	0.00%	0.00%
11	3 Inch	Commercial	-	-	-	0.00%	0.00%	0.00%
12		Subtotal	$ 2,364	$ 5,598	$ 3,234	136.80%	0.21%	0.21%
13								
14	Effluent		40,208	40,208	-	0.00%	3.53%	1.53%
15								
16								
17	Total Revenues Before Annualization		$ 1,108,194	$ 2,569,199	$ 1,461,005	131.84%	97.18%	97.60%

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Line No.									
1			**Revenue Annualization**					**Additional**	
2								**Gallons to**	
3	**Meter**		**Present**	**Proposed**	**Dollar**	**Percent**	**Additional**	**be Teated**	
4	**Size**	**Class**	**Revenues**	**Revenues**	**Change**	**Change**	**Bills**	**(In 1,000's)**	**Schedule**
5	5/8x3/4 Inch	Residential	$ -	$ -	-	0.00%	-		See Work Papers
6	3/4 Inch	Residential	22,409	53,064	30,655	136.80%	455	1,024	See Work Papers
7	1 Inch	Residential	-	-	-	0.00%	-		See Work Papers
8		Subtotal	$ 22,409	$ 53,064	30,655	136.80%	455	1,024	
9									
10	5/8x3/4 Inch	Commercial	$ -	$ -	-	0.00%	-	-	See Work Papers
11	3/4 Inch	Commercial	-	-	-	0.00%	-	-	See Work Papers
12	1 Inch	Commercial	-	-	-	0.00%	-	-	See Work Papers
13	1.5 Inch	Commercial	-	-	-	0.00%	-	-	See Work Papers
14	2 Inch	Commercial	-	-	-	0.00%	-	-	See Work Papers
15	3 Inch	Commercial	-	-	-	0.00%	-	-	See Work Papers
16		Subtotal	$ -	$ -	-	0.00%	-	-	
17									
18									
19	Total Revenue Annualization		$ 22,409	$ 53,064	$ 30,655	136.80%	455	1,024	

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Line No.		Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues	Schedule
1								
2								
3	Subtotal Metered Revenues	$ 1,108,194	$ 2,569,199	$ 1,461,005	131.84%	97.18%	97.60%	
4	Subtotal Revenue Annualization	22,409	53,064	30,655	136.80%	1.97%	2.02%	
5								
6	Total Metered Revenues	$ 1,130,603	$ 2,622,263	$ 1,491,660	131.93%	99.15%	99.61%	
7								
8	Misc. Revenues	$ 9,109	$ 9,109	-	0.00%	0.80%	0.35%	
9								
10	Reconciling Amount to GL	597	1,061	464	77.72%	0.05%	0.04%	
11	Total Water Revenues	$ 1,140,309	$ 2,632,434	$ 1,492,124	130.85%	100.00%	100.00%	
12								
13								
14								
15								
16	Revenue Reconciliation							
17	Flat and Metered Revenues Per GL	$ 1,122,286						
18	Revenue Accrual Fix	(13,495)						
19								
20	Adjusted Total	$ 1,108,791						
21								
22	BC Revenue Before Annualization	$ 1,108,194						
23								
24	Difference	$ 597						
25								
26	% Difference	0.05%						
27								
28	**Tolerance (+/- 1/2%)**	$ 5,544						
29								
30	Ties to Sch C-1 TY Revenue	$ 2,204,087						
31								
32	Supporting Schedules							
33	C-1							
34	Work Papers							
35								
36								
37								
38								
39								
40								
41								
42								
43								

Exhibit
Schedule H-2
Page 1
Witness Bourassa

Mountain Pass Utility Company

Test Year Ended September 30, 2025
Customer Bill Summary
At Average Usage

			(a) Average Number of Customers		Average Bill		Proposed Increase	
Line No.	Meter Size, Class		at 9/30/2025	Average Consumption	Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8x3/4 Inch	Residential	-	-	$ 49.25	$ 116.62	67.37	136.80%
2	3/4 Inch	Residential	1,803	-	49.25	116.62	67.37	136.80%
3	1 Inch	Residential	-	-	49.25	291.56	242.31	492.00%
4		Subtotal	1,803					
5								
6								
7	5/8x3/4 Inch	Commercial	-	-	$ 49.25	$ 116.62	$ 67.37	136.80%
8	3/4 Inch	Commercial	4	-	49.25	116.62	67.37	136.80%
9	1 Inch	Commercial	-	-	49.25	291.56	242.31	492.00%
10	1.5 Inch	Commercial	-	-	49.25	583.12	533.87	1084.00%
11	2 Inch	Commercial	-	-	49.25	932.99	883.74	1794.40%
12	3 Inch	Commercial	-	-	49.25	1,865.98	1,816.73	3688.80%
13		Subtotal	4					
14								
15	Effluent							
16		Total	1,807					
17								

18 **(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Customer Bill Summary
At Average Usage with Rate Case Surcharge

Line No.		Meter Size, Class	(a) Average Number of Customers at 9/30/2025	Average Consumption	Present Rates	Average Bill Proposed Rates	RC Surcharge	Total Proposed Rates	Proposed Increase Dollar Amount	Percent Amount
1	5/8x3/4 Inch	Residential	-	-	$ 49.25	$ 116.62	$ 0.37	$ 116.99	$ 67.74	137.55%
2	3/4 Inch	Residential	1,803	-	49.25	116.62	0.37	116.99	67.74	137.55%
3	1 Inch	Residential	-	-	49.25	291.56	0.37	291.93	242.68	492.75%
4		Subtotal	1,803							
5										
6										
7	5/8x3/4 Inch	Commercial	-	-	$ 49.25	$ 116.62	$ 0.37	$ 116.99	$ 67.74	137.55%
8	3/4 Inch	Commercial	4	-	49.25	116.62	0.37	116.99	67.74	137.55%
9	1 Inch	Commercial	-	-	49.25	291.56	0.37	291.93	242.68	492.75%
10	1.5 Inch	Commercial	-	-	49.25	583.12	0.37	583.49	534.24	1084.75%
11	2 Inch	Commercial	-	-	49.25	932.99	0.37	933.36	884.11	1795.15%
12	3 Inch	Commercial	-	-	49.25	1,865.98	0.37	1,866.35	1,817.10	3689.55%
13		Subtotal	4							
14										
15	Effluent									
16										
17										
18		Total	1,807							
19										
20	**(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.									

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Customer Bill Summary
At Median Usage

Exhibit
Schedule H-2
Page 3
Witness Bourassa

Line No.	Meter Size, Class		(a) Average Number of Customers at 9/30/2025	Median Consumption	Median Bill		Proposed Increase	
					Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8x3/4 Inch	Residential	-	-	$ 49.25	$ 116.62	$ 67.37	136.80%
2	3/4 Inch	Residential	1,803	-	49.25	116.62	67.37	136.80%
3	1 Inch	Residential	-	-	49.25	291.56	242.31	492.00%
4		Subtotal	1,803					
5								
6								
7	5/8x3/4 Inch	Commercial	-	-	$ 49.25	$ 116.62	$ 67.37	136.80%
8	3/4 Inch	Commercial	4	-	49.25	116.62	67.37	136.80%
9	1 Inch	Commercial	-	-	49.25	291.56	242.31	492.00%
10	1.5 Inch	Commercial	-	-	49.25	583.12	533.87	1084.00%
11	2 Inch	Commercial	-	-	49.25	932.99	883.74	1794.40%
12	3 Inch	Commercial	-	-	49.25	1,865.98	1,816.73	3688.80%
13		Subtotal	4					
14								
15	Effluent						-	0.00%
16								
17								
18		Total	1,807					
19								

20 **(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Customer Bill Summary
At Median Usage With Rate Case Surcharge

Line No.	Meter Size, Class		(a) Average Number of Customers at 9/30/2025	Median Consumption	Median Bill Present Rates	Median Bill Proposed Rates	Median Bill RC Surcharge	Median Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8x3/4 Inch	Residential	-	-	$ 49.25	$ 116.62	$ 0.37	$ 116.99	$ 67.74	137.55%
2	3/4 Inch	Residential	1,803	-	49.25	116.62	0.37	116.99	67.74	137.55%
3	1 Inch	Residential	-	-	49.25	291.56	0.37	291.93	242.68	492.75%
4		Subtotal	1,803							
5										
6	5/8x3/4 Inch	Commercial	-	-	$ 49.25	$ 116.62	$ 0.37	$ 116.99	$ 67.74	137.55%
7	3/4 Inch	Commercial	4	-	49.25	116.62	0.37	116.99	67.74	137.55%
8	1 Inch	Commercial	-	-	49.25	291.56	0.37	291.93	242.68	492.75%
9	1.5 Inch	Commercial	-	-	49.25	583.12	0.37	583.49	534.24	1084.75%
10	2 Inch	Commercial	-	-	49.25	932.99	0.37	933.36	884.11	1795.15%
11	3 Inch	Commercial	-	-	49.25	1,865.98	0.37	1,866.35	1,817.10	3689.55%
12		Subtotal	4							
13										
14	Effluent								-	0.00%
15										
16										
17		Total	1,807							
18										
19	**(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.									
20										

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Present and Proposed Rates

Exhibit
Schedule H-3
Page 1
Bourassa

Line No.	**Monthly Minimum Charge for:**	**Present Rates**	**Proposed Rates**	**Change**	**Percent Change**
1	Class				
2	Residential	$ 49.25		NM	NM
2	Commercial	49.25		NM	NM
3					
4	Meter Size (All Classes)				
5	5/8 Inch		$ 116.62	NM	NM
6	3/4 Inch		116.62	NM	NM
7	1 Inch		291.56	NM	NM
8	1 1/2 Inch		583.12	NM	NM
9	2 Inch		932.99	NM	NM
10	3 Inch		1,865.98	NM	NM
11	4 Inch		2,915.60	NM	NM
12	6 Inch		5,831.20	NM	NM
13	8 Inch		9,329.92	NM	NM
14	10 Inch		13,411.76	NM	NM
15	12 Inch		25,074.16	NM	NM
16					
17					
18	Effluent Rate (per 1,000 gallons)	$ 0.87	$ 0.87	$ -	0.00%
19					
20	NT = No Tariff				

Line No.

1 Service Charges

Line No.	Present			Proposed	
3	Establishment	$	30.00	Establishment	$ 35.00
4	Re-Establishment (within 12 months)	**		Re-Establishment	(a)
5	Reconnection (Delinquent)	$	30.00	Reconnection (delinquent)	$ 30.00
6	Disconnect/Reconnect (Delinquent Acct)	$	500.00	Disconnection/Reconnection (deliquent account)	(e)
7	NSF Check	$	15.00	NSF Check	$ 30.00
8	Deferred Payment (per month)	N/A		Deferred Payment (per month)	1.50%
9	Late Payment Fee (per month)		1.50%	Late Charge	(b)
10	Deposit	*		Deposit Requirement	(d)
11	Deposit Interest	*		Deposit Interest	6%
12	Service - After Hours	N/A		Service - After Hours	$50

13

14 *Per Commission rule A.A.C. F-14-2-403(B).

15 **Per Commission rule A.A.C R-14-2-403(D) - Months off the system times the monthly minimum.

(a) Minimum charge times number of full months off the system per A.A.C. R-14-2-403(D).

(b) Greater of $5.00 or 1.5% of unpaid balance.

16 (c) Customer shall be charged for after-hours service calls outside of normal working hours for work performed at the customer's request or convenience.

17 (d) Per A.A.C R14-2-403(B): Residential - two times the average bill by class; Non-residential - two and one-half times the customer's estimated maximum monthly bill.

18 (e) The actual cost of disconnection and reconnection, including costs for excavation and trenching, pipeline modification, backfill and grading, road repairs and permitting.

Mountain Pass Utility Company

Bill Comparison Present and Proposed Rates
Meter Size: 3/4 Inch Residential

Exhibit
Schedule H-4
Page Page 1
Witness Bourassa

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	-	$ 49.25	$ 116.62	$ 67.37	136.80%
2	1,000	49.25	116.62	67.37	136.80%
3	2,000	49.25	116.62	67.37	136.80%
4	3,000	49.25	116.62	67.37	136.80%
5	4,000	49.25	116.62	67.37	136.80%
6	5,000	49.25	116.62	67.37	136.80%
7	6,000	49.25	116.62	67.37	136.80%
8	7,000	49.25	116.62	67.37	136.80%
9	8,000	49.25	116.62	67.37	136.80%
10	9,000	49.25	116.62	67.37	136.80%
11	10,000	49.25	116.62	67.37	136.80%
12	12,000	49.25	116.62	67.37	136.80%
13	14,000	49.25	116.62	67.37	136.80%
14	16,000	49.25	116.62	67.37	136.80%
15	18,000	49.25	116.62	67.37	136.80%
16	20,000	49.25	116.62	67.37	136.80%
17	25,000	49.25	116.62	67.37	136.80%
18	30,000	49.25	116.62	67.37	136.80%
19	35,000	49.25	116.62	67.37	136.80%
20	40,000	49.25	116.62	67.37	136.80%
21	45,000	49.25	116.62	67.37	136.80%
22	50,000	49.25	116.62	67.37	136.80%
23	60,000	49.25	116.62	67.37	136.80%
24	70,000	49.25	116.62	67.37	136.80%
25	80,000	49.25	116.62	67.37	136.80%
26	90,000	49.25	116.62	67.37	136.80%
27	100,000	49.25	116.62	67.37	136.80%
28	Average Usage				
	-	$ 49.25	$ 116.62	$ 67.37	136.80%
29	Median Usage				
	-	$ 49.25	$ 116.62	$ 67.37	136.80%

Present Rates:	
Monthly Minimum:	$ 49.25
Proposed Rates:	
Monthly Minimum:	$ 116.62

Mountain Pass Utility Company
Bill Comparison Present and Proposed Rates
Meter Size: 3/4 Inch Commercial

Exhibit
Schedule H-4
Page 2
Witness Bourassa

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	-	$ 49.25	$ 116.62	$ 67.37	136.80%
2	1,000	49.25	116.62	67.37	136.80%
3	2,000	49.25	116.62	67.37	136.80%
4	3,000	49.25	116.62	67.37	136.80%
5	4,000	49.25	116.62	67.37	136.80%
6	5,000	49.25	116.62	67.37	136.80%
7	6,000	49.25	116.62	67.37	136.80%
8	7,000	49.25	116.62	67.37	136.80%
9	8,000	49.25	116.62	67.37	136.80%
10	9,000	49.25	116.62	67.37	136.80%
11	10,000	49.25	116.62	67.37	136.80%
12	12,000	49.25	116.62	67.37	136.80%
13	14,000	49.25	116.62	67.37	136.80%
14	16,000	49.25	116.62	67.37	136.80%
15	18,000	49.25	116.62	67.37	136.80%
16	20,000	49.25	116.62	67.37	136.80%
17	25,000	49.25	116.62	67.37	136.80%
18	30,000	49.25	116.62	67.37	136.80%
19	35,000	49.25	116.62	67.37	136.80%
20	40,000	49.25	116.62	67.37	136.80%
21	45,000	49.25	116.62	67.37	136.80%
22	50,000	49.25	116.62	67.37	136.80%
23	60,000	49.25	116.62	67.37	136.80%
24	70,000	49.25	116.62	67.37	136.80%
25	80,000	49.25	116.62	67.37	136.80%
26	90,000	49.25	116.62	67.37	136.80%
27	100,000	49.25	116.62	67.37	136.80%
28	Average Usage -	$ 49.25	$ 116.62	$ 67.37	136.80%
29	Median Usage -	$ 49.25	$ 116.62	$ 67.37	136.80%

Present Rates:

Monthly Minimum:	$ 49.25

Proposed Rates:

Monthly Minimum:	$ 116.62

Mountain Pass Utility Company
Bill Comparison Present and Proposed Rates
Meter Size: Effluent

Exhibit
Schedule H-4
Page 3
Witness Bourassa

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	-	$ -	$ -	$ -	0.00%
2	1,000	0.87	0.87	-	0.00%
3	2,000	1.74	1.74	-	0.00%
4	3,000	2.61	2.61	-	0.00%
5	4,000	3.48	3.48	-	0.00%
6	5,000	4.35	4.35	-	0.00%
7	6,000	5.22	5.22	-	0.00%
8	7,000	6.09	6.09	-	0.00%
9	8,000	6.96	6.96	-	0.00%
10	9,000	7.83	7.83	-	0.00%
11	10,000	8.70	8.70	-	0.00%
12	12,000	10.44	10.44	-	0.00%
13	14,000	12.18	12.18	-	0.00%
14	16,000	13.92	13.92	-	0.00%
15	18,000	15.66	15.66	-	0.00%
16	20,000	17.40	17.40	-	0.00%
17	25,000	21.75	21.75	-	0.00%
18	30,000	26.10	26.10	-	0.00%
19	35,000	30.45	30.45	-	0.00%
20	40,000	34.80	34.80	-	0.00%
21	45,000	39.15	39.15	-	0.00%
22	50,000	43.50	43.50	-	0.00%
23	60,000	52.20	52.20	-	0.00%
24	70,000	60.90	60.90	-	0.00%
25	80,000	69.60	69.60	-	0.00%
26	90,000	78.30	78.30	-	0.00%
27	100,000	87.00	87.00	-	0.00%
28	Average Usage				
	3,851,333	$ 3,350.66	$ 3,350.66	$ -	0.00%
29	Median Usage				
	3,848,000	$ 3,347.76	$ 3,347.76	$ -	0.00%

Present Rates:

Monthly Minimum:	$ -
Gallons in Minimum	-
Charge Per 1,000 Gallons	
All gallons	$ 0.8700

Proposed Rates:

Monthly Minimum:	$ -
Gallons in Minimum	-
Charge Per 1,000 Gallons	
All gallons	$ 0.8700

Exhibit
Schedule H-5
Page 1
Bourassa

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Meter Size: 3/4 Inch Residential

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
-	-	1,767	1,766	1,777	1,775	1,760	1,813	1,818	1,823	1,824	1,835	1,838	1,841	21,637	21,637	-
														-	21,637	
	Totals	1,767	1,766	1,777	1,775	1,760	1,813	1,818	1,823	1,824	1,835	1,838	1,841	21,637		
										Average Usage				-		
										Median Usage				-		
										Average # Customers				1,803		
										Change in Number of Customers				74		

Mountain Pass Utility Company

Test Year Ended September 30, 2025

Meter Size: 3/4 Inch Commercial

Exhibit
Schedule H-5
Page 2
Bourassa

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
-	-	4	4	4	4	4	4	4	4	4	4	4	4	48	48	-
														-	48	
	Totals	4	4	4	4	4	4	4	4	4	4	4	4	48		

Average Usage	-
Median Usage	-
Average # Customers	4
Change in Number of Customers	-

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Meter Size: Effluent

Exhibit
Schedule H-5
Page 3
Bourassa

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-													-	-	-
1	1,000													-	-	-
1,001	2,000													-	-	-
2,001	3,000													-	-	-
3,001	4,000													-	-	-
4,001	5,000													-	-	-
5,001	6,000													-	-	-
6,001	7,000													-	-	-
7,001	8,000													-	-	-
8,001	9,000													-	-	-
9,001	10,000													-	-	-
10,001	11,000													-	-	-
11,001	12,000													-	-	-
12,001	13,000													-	-	-
13,001	14,000													-	-	-
14,001	15,000													-	-	-
15,001	16,000													-	-	-
16,001	17,000													-	-	-
17,001	18,000													-	-	-
18,001	19,000													-	-	-
19,001	20,000													-	-	-
20,001	21,000													-	-	-
21,001	22,000													-	-	-
22,001	23,000													-	-	-
23,001	24,000													-	-	-
24,001	25,000													-	-	-
25,001	26,000													-	-	-
26,001	27,000													-	-	-
27,001	28,000													-	-	-
28,001	29,000													-	-	-
29,001	30,000													-	-	-
30,001	31,000													-	-	-
31,001	32,000													-	-	-
32,001	33,000													-	-	-
33,001	34,000													-	-	-
34,001	35,000													-	-	-
35,001	36,000													-	-	-
36,001	37,000													-	-	-
37,001	38,000													-	-	-
38,001	39,000													-	-	-
39,001	40,000													-	-	-
40,001	41,000													-	-	-
41,001	42,000													-	-	-

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Meter Size: Effluent

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
42,001	43,000													-	-	-
43,001	44,000													-	-	-
44,001	45,000													-	-	-
45,001	46,000													-	-	-
46,001	47,000													-	-	-
47,001	48,000													-	-	-
48,001	49,000													-	-	-
49,001	50,000													-	-	-
50,001	51,000													-	-	-
51,001	52,000													-	-	-
52,001	53,000													-	-	-
53,001	54,000													-	-	-
54,001	55,000													-	-	-
55,001	56,000													-	-	-
56,001	57,000													-	-	-
57,001	58,000													-	-	-
58,001	59,000													-	-	-
59,001	60,000													-	-	-
60,001	61,000													-	-	-
61,001	62,000													-	-	-
62,001	63,000													-	-	-
63,001	64,000													-	-	-
64,001	65,000													-	-	-
65,001	66,000													-	-	-
66,001	67,000													-	-	-
67,001	68,000													-	-	-
68,001	69,000													-	-	-
69,001	70,000													-	-	-
70,001	71,000													-	-	-
71,001	72,000													-	-	-
72,001	73,000													-	-	-
73,001	74,000													-	-	-
74,001	75,000													-	-	-
75,001	76,000													-	-	-
76,001	77,000													-	-	-
77,001	78,000													-	-	-
78,001	79,000													-	-	-
79,001	80,000													-	-	-
80,001	81,000													-	-	-
81,001	82,000													-	-	-
82,001	83,000													-	-	-
83,001	84,000													-	-	-
84,001	85,000													-	-	-

Exhibit
Schedule H-5
Page 3
Bourassa

Mountain Pass Utility Company
Test Year Ended September 30, 2025
Meter Size: Effluent

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
85,001	86,000													-	-	-
86,001	87,000													-	-	-
87,001	88,000													-	-	-
88,001	89,000													-	-	-
89,001	90,000													-	-	-
90,001	91,000													-	-	-
91,001	92,000													-	-	-
92,001	93,000													-	-	-
93,001	94,000													-	-	-
94,001	95,000													-	-	-
95,001	96,000													-	-	-
96,001	97,000													-	-	-
97,001	98,000													-	-	-
98,001	99,000													-	-	-
99,001	100,000													-	-	-
3,277,000	3,277,000									1				1	1	3,277
3,367,000	3,367,000										1			1	2	6,644
3,448,000	3,448,000	1												1	3	10,092
3,449,000	3,449,000											1		1	4	13,541
3,477,000	3,477,000												1	1	5	17,018
3,686,000	3,686,000								1					1	6	20,704
4,010,000	4,010,000		1											1	7	24,714
4,065,000	4,065,000					1								1	8	28,779
4,197,000	4,197,000			1										1	9	32,976
4,197,000	4,197,000							1						1	10	37,173
4,475,000	4,475,000				1									1	11	41,648
4,568,000	4,568,000						1							1	12	46,216
	-													-	12	46,216
														-	12	
Totals		1	1	1	1	1	1	1	1	1	1	1	1	12		

Average Usage	3,851,333
Median Usage	3,848,000
Average # Customers	1
Change in Number of Customers	-

EXHIBIT CB-DT3

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Schedule A-1
Page 1
Witness: Barbee

Line No.	Revenue Requirement	Adjusted Amount
1	Fair Value Rate Base	$ 18,977,646
2		
3	Adjusted Operating Income	645
4		
5	Current Rate of Return	0.00%
6		
7	Required Operating Income	$ 1,711,025
8		
9	Required Rate of Return on Fair Value Rate Base	9.02%
10		
11	Operating Income Deficiency / (Sufficiency)	$ 1,710,380
12		
13	Gross Revenue Conversion Factor	1.348155316
14		
15	Increase / (Decrease) in Gross Revenue	
16	Requirement	$ 2,305,858
17		
18	Adjusted Test Year Revenues	$ 3,452,972
19	Increase / (Decrease) in Gross Revenue Requirement	$ 2,305,858
20	Proposed Revenue Requirement	$ 5,758,829
21	% Increase / (Decrease)	66.78%
22		

23	Customer		Present	Proposed	Dollar	Percent
24	**Classification**		**Rates**	**Rates**	**Increase**	**Increase**
25	5/8x3/4 Inch	SBU Residential	$ 2,173,191	$ 4,020,403	$ 1,847,212	85.00%
26	3/4 Inch	SBU Residential	7,969	14,742	6,773	85.00%
27	3/4 Inch	MPU Residential	1,065,622	1,398,994	333,372	31.28%
28	1 Inch	SBU Residential	1,678	7,759	6,081	362.50%
29		Subtotal	$ 3,248,459	$ 5,441,898	$ 2,193,439	67.52%
30						
31	5/8x3/4 Inch	SBU Commercial	$ 8,458	$ 15,647	7,189	85.00%
32	3/4 Inch	SBU Commercial	1,258	2,328	1,069	85.00%
33	3/4 Inch	MPU Commercial	2,364	3,104	740	31.28%
34	1 Inch	SBU Commercial	5,033	23,277	18,244	362.50%
35	1.5 Inch	SBU Commercial	839	7,759	6,920	825.00%
36	2 Inch	SBU Commercial	1,678	24,828	23,151	1380.00%
37	3 Inch	SBU Commercial	419	12,414	11,995	2860.00%
38		Subtotal	$ 20,049	$ 89,357	$ 69,308	345.70%
39						
40	SBU Effluent		$ 71,786	$ 107,679	$ 35,893	50%
41	MPU Effluent		40,208	40,208	-	0%
42	Revenue Annualization		23,317	31,100	7,783	33%
43						
44	**Subtotal**		$ 3,403,820	$ 5,710,242	$ 2,306,423	67.76%
45						
46						
47	Miscellaneous Revenues		$ 48,797	$ 48,797	$ -	0.00%
48	Reconciling Amount		355	(210)	(565)	-159.15%
49	Rounding					0.00%
50	**Total of Sewer Revenues**		$ 3,452,972	$ 5,758,829	$ 2,305,858	66.78%

51
52
53 SUPPORTING SCHEDULES:
54 B-1
55 C-1
56 C-3
57 H-1

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Summary of Results of Operations

Exhibit
Schedule A-2
Page 1
Witness: Barbee

		Prior Years Ended		Test Year		Projected Year	
						Present	Proposed
Line				Actual	Adjusted	Rates	Rates
No.	Description	9/30/2023	9/30/2024	9/30/2025	9/30/2025	9/30/2026	9/30/2026
1	Gross Revenues	$ 3,348,093	$ 3,401,485	$ 3,469,286	$ 3,452,972	$ 3,452,972	$ 5,758,829
2							
3	Revenue Deductions and	2,556,379	2,473,150	2,306,600	3,452,327	3,452,327	4,047,805
4	Operating Expenses						
5							
6	Operating Income	$ 791,714	$ 928,335	$ 1,162,686	$ 645	$ 645	$ 1,711,025
7							
8	Other Income and	164,429	176,902	137,795	137,795	137,795	137,795
9	Deductions						
10							
11	Interest Expense	(130,289)	(106,668)	(6,221)	(481,273)	(481,273)	(481,273)
12							
13	Net Income	$ 825,854	$ 998,569	$ 1,294,260	$ (342,833)	$ (342,833)	$ 1,367,546
14							
15	Common Shares	148,142	148,142	148,142	148,142	148,142	148,142
16							
17	Earned Per Average						
18	Common Share	5.57	6.74	8.74	(2.31)	(2.31)	9.23
19							
20	Dividends Paid	-	-	-	-	-	-
21							
22	Dividends Per						
23	Common Share	-	-	-	-	-	-
24							
25	Payout Ratio	-	-	-	-	-	-
26							
27	Return on Average						
28	Invested Capital	4.02%	5.09%	6.94%	-1.76%	-1.52%	6.05%
29							
30	Return on Year End						
31	Capital	4.33%	4.95%	7.56%	-1.57%	-1.47%	5.85%
32							
33	Return on Average						
34	Common Equity	4.98%	6.19%	7.52%	-2.11%	-1.91%	7.26%
35							
36	Return on Year End						
37	Common Equity	5.23%	6.07%	7.20%	-2.13%	-1.91%	6.95%
38							
39	Times Bond Interest Earned						
40	Before Income Taxes	7.10	9.86	204.61	(0.26)	(0.26)	3.88
41							
42	Times Total Interest and						
43	Preferred Dividends Earned						
44	After Income Taxes	6.12	8.77	206.12	2.69	2.69	2.84
45							
46							
47	SUPPORTING SCHEDULES						
48	C-1						
49	E-2						
50	F-1						

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Summary of Capital Structure

Exhibit
Schedule A-3
Page 1
Witness: Barbee

Line		Prior Years Ended		Test Year	Projected Year
No.	**Description:**	**9/30/2023**	**9/30/2024**	**9/30/2025**	**9/30/2026**
1					
2	Short-Term Debt	-	-	-	-
3					
3	Long-Term Debt	2,514,286	2,042,857	-	-
4					
5	Total Debt	$ 2,514,286	$ 2,042,857	$ -	$ -
6					
7					
8	Preferred Stock	-	-	-	-
9					
10	Common Equity	15,795,968	16,451,554	17,974,391	17,974,391
11					
12					
13	Total Capital & Debt	$ 18,310,254	$ 18,494,411	$ 17,974,391	$ 17,974,391
14					
15					
16	Capitalization Ratios:				
17					
18	Long-Term Debt	13.73%	11.05%	0.00%	0.00%
19					
20	Total Debt	13.73%	11.05%	0.00%	0.00%
21					
22					
23	Preferred Stock	-	-	-	-
24					
25	Common Equity	86.27%	88.95%	100.00%	100.00%
26					
27					
28	Total Capital	100.00%	100.00%	100.00%	100.00%
29					
30					
31	Weighted Cost of				
32	Senior Capital	0.00%	0.00%	0.00%	0.00%
33					
34					
35	SUPPORTING SCHEDULES:				
36	E-1				
37	D-1				

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Construction Expenditures
and Gross Utility Plant in Service

Exhibit
Schedule A-4
Page 1
Witness: Barbee

Line No.		Construction Expenditures	Net Plant Placed in Service	Gross Utility Plant in Service
1	Prior Year Ended 12/31/2021	-	-	31,825,027
2				
3	Prior Year Ended 12/31/2022	1,894,996	1,894,996	33,720,024
4				
5	Test Year Ended 12/31/2023	221,995	221,995	33,942,019
6				
7	Projected Year Ended 12/31/2024	3,043,608	3,043,608	36,985,627
8	check		(0)	
9				
10	<u>SUPPORTING SCHEDULES:</u>			
11	B-2			
12	E-5			
13	F-3			

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Summary Statements of Cash Flows

Exhibit
Schedule A-5
Page 1
Witness: Barbee

					Projected Year	
Line No.		**Prior Year Ended 9/30/2023**	**Prior Year Ended 9/30/2024**	**Test Year Ended 9/30/2025**	**Present Rates 9/30/2026**	**Proposed Rates 9/30/2026**
1	Cash Flows from Operating Activities					
2	Net Income	$ 825,855	$ 998,569	$ 1,294,260	$ (342,833)	$ 1,367,546
3	Adjustments to reconcile net income to net cash	-	-	-		
4	provided by operating activities:	-	-	-		
5	Depreciation and Amortization	1,006,814	770,332	356,158	-	-
6	Depreciation and Amortization Adjustments	-	-	-	-	-
7	Changes in Certain Assets and Liabilities:	-	-	-		
8	Accounts Receivable	(4,835)	(3,950)	(9,743)	-	-
9	Other Receivables	-	-	-	-	-
10	Materials and Supplies Inventory	-	-	-	-	-
11	Prepaid Expenses	8,751	(2,924)	26,777	-	-
12	Deferred Regulatory Assets/Liabilities	33,541	36,888	36,987	-	-
13	Deferred Income Taxes	-	-	-	-	-
14	Receivables/Payables to Associated Co.	80,235	1,354,780	(287,025)	-	-
15	Accounts Payable	(71,304)	15,115	(16,163)	-	-
16	Interest Payable	793	(415)	(1,507)	-	-
17	Customer Meter and Security Deposits	-	-	-	-	-
18	Taxes Payable	(49,390)	(3,376)	43,614	-	-
19	Other assets and liabilities	5,916	(1,118)	(8,839)	-	-
20	Rounding	-	-	-	-	-
21	Net Cash Flow provided by Operating Activities	$ 1,836,376	$ 3,163,901	$ 1,434,519	$ (342,833)	$ 1,367,546
22	Cash Flow From Investing Activities:					
23	Capital Expenditures	(964,457)	(1,727,836)	(317,910)	(2,901,000)	(2,901,000)
24	Plant Held for Future Use	-	-	-		
25	Changes in Special Funds	-	-	-		
26	Net Cash Flows from Investing Activities	$ (964,457)	$ (1,727,836)	$ (317,910)	$ (2,901,000)	$ (2,901,000)
27	Cash Flow From Financing Activities					
28	Change in Restricted Cash	-	-	-	-	-
29	Proceeds from Long-Term Debt	(471,429)	(471,429)	(2,042,857)	-	-
30	Net receipt of contributions in aid of construction	-	-	-	-	-
31	Net receipts of advances in aid of construction	-	-	-	-	-
32	Repayments of Long-Term Debt	-	-	-	-	-
33	Distributions	-	-	-	-	-
34	Deferred Financing Costs	-	-	-	-	-
35	Paid in Capital	(339,429)	(342,984)	228,578	-	-
36	Net Cash Flows (Used) Provided by Financing Activities	$ (810,858)	$ (814,413)	$ (1,814,279)	$ -	$ -
37	Increase/ (Decrease) in Cash and Cash Equivalents	61,061	621,652	(697,670)	(3,243,833)	(1,533,454)
38	Cash and Cash Equivalents at Beginning of Year	418,561	479,622	1,101,274	403,604	403,604
39	Cash and Cash Equivalents at End of Year	$ 479,622	$ 1,101,274	$ 403,604	$ (2,840,229)	$ (1,129,850)
40						
41						
42	SUPPORTING SCHEDULES:					
43	E-3					
44	F-2					

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Summary of Rate Base

Exhibit
Schedule B-1
Page 1
Witness: Barbee

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	$ 36,985,627	$ 36,985,627
3	Less: Accumulated Depreciation	18,245,342	18,245,342
4			
5	Net Utility Plant in Service	$ 18,740,285	$ 18,740,285
6			
7	Less:		
8	Advances in Aid of Construction	-	-
9			
10	Contributions in Aid of Construction	-	-
11			
12	Accumulated Amortization of CIAC	-	-
13			
14	Customer Meter Deposits	-	-
15	Customer Security Deposits	-	-
16	Accumulated Deferred Income Tax	-	-
17	Deferred Regulatory Liability - Tax (EADIT)	-	-
18			
19	Plus:		
20	Deferred Reg. Asset	-	-
21		-	-
22	Prepayments	6,481	6,481
23	Materials and Supplies	-	-
24	Cash Working Capital	230,880	230,880
25			
26			
27	Total Rate Base	$ 18,977,646	$ 18,977,646
28			
29			
30	SUPPORTING SCHEDULES:		
31	B-2		
32	B-3		
33	B-5		
34	E-1		

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments

Exhibit
Schedule B-2
Page 1
Witness: Barbee

Line No.		Actual at End of Test Year	Proforma Adjustments	Adjusted at end End of Test Year
1				
2	Gross Utility Plant in Service	$ 33,942,019	3,043,608	$ 36,985,627
3				
4	**Less:**			
5				
6	Accumulated Depreciation	17,885,885	359,457	18,245,342
7				
8				
9				
10	Net Utility Plant in Service	$ 16,056,134	$ 2,684,151	$ 18,740,285
11				
12	**Less:**			
13				
14	Advances in Aid of Construction	-	-	-
15				
16				
17	Contributions in Aid of Construction	-	-	-
18				
19	Accumulated Amortization of CIAC	-	-	-
20				
21	Customer Meter Deposits	-	-	-
22	Customer Security Deposits	-	-	-
23	Accumulated Deferred Income Tax	-	-	-
24	Deferred Regulatory Liability - Tax (EADIT)	-	-	-
25				-
26				
27	**Plus:**			
28	Deferred Reg. Asset	-	-	-
29				
30	Prepayments	2,507	3,974	6,481
31	Materials and Supplies	-	-	-
32	Cash Working capital	-	230,880	230,880
33				-
34				
35	Total	$ 16,058,641	$ 2,919,005	$ 18,977,646
36				
37				
38	SUPPORTING SCHEDULES:			RECAP SCHEDULES:
39	B-2, pages 2			B-1
40	E-1			

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments

Exhibit
Schedule B-2
Page 2
Witness: Barbee

Line No.		Actual at End of Test Year	Proforma Adjustments				Adjusted at end of Test Year
			1 Plant-in-Service	2 Accumulated Depreciation	3 Prepayments	4 Working Capital	
1							
2	Gross Utility Plant in Service	$ 33,942,019	3,043,608				$ 36,985,627
3							
4	**Less:**						
5							
6	Accumulated Depreciation	17,885,885		359,457			18,245,342
7							
8							
9							
10	Net Utility Plant in Service	$ 16,056,134	$ 3,043,608	$ (359,457)	$ -	$ -	$ 18,740,285
11							
12	**Less:**						
13							
14	Advances in Aid of Construction	-					-
15							
16							
17	Contributions-in-Aid of Construction	-					-
18							
19	Accumulated Amort of CIAC	-					-
20							
21	Customer Deposits	-					-
22	Customer Security Deposits	-					-
23	Accumulated Deferred Income Taxes	-					-
24	Deferred Regulatory Liability - Tax (EADIT)	-					-
25							
26	**Plus:**						
27	Deferred Reg. Asset	-					-
28							-
29	Prepayments	2,507			3,974		6,481
30	Materials and Supplies	-					-
31	Cash Working Capital	-				230,880	230,880
32							
33	Total	$ 16,058,641	$ 3,043,608	$ (359,457)	$ 3,974	$ 230,880	$ 18,977,646
34							
35							
36	SUPPORTING SCHEDULES:					RECAP SCHEDULES:	
37	B-2, pages 3-5					B-1	
38	E-1						

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1
Plant-in-Service

Exhibit
Schedule B-2
Page 3
Witness: Barbee

Line			Actual Original Cost			PTYP Adjustments			Test-Year Proforma Retirements			Adjustments to Reconcile Plant	Adjusted Original
No.	NARUC	Account Description	SaddleBrooke	Mountain Pass	Consolidated	SaddleBrooke	Mountain Pass	Consolidated	SaddleBrooke	Mountain Pass	Consolidated	to Reconstruction	Cost
1	106	Plant not Classified	-	-	-	-	-	-	-	-	-	-	-
2	351	Organization	21,369	4,617	25,986	-	-	-	-	-	-	-	25,986
3	352	Franchise	-	-	-	-	-	-	-	-	-	-	-
4	353	Land	125,000	-	125,000	-	-	-	-	-	-	-	125,000
5	354	Structures & Improvements	152,080	85,791	237,871	78,100	70,000	148,100	-	(3,200)	(3,200)	-	382,771
6	355	Power Generation Equipment	238,084	23,461	261,545	800,000	300,000	1,100,000	-	-	-	-	1,361,545
7	360	Collection System - Force	162,827	-	162,827	100,000	-	100,000	-	-	-	-	262,827
8	361	Collection System - Gravity	7,261,338	5,154,333	12,415,671	97,680	50,840	148,520	-	-	-	-	12,564,191
9	362	Special Collection Structures	-	-	-	-	-	-	-	-	-	-	-
10	363	Services to Customers	1,769,918	1,937,090	3,707,008	26,400	21,080	47,480	-	-	-	-	3,754,488
11	364	Flow Measuring Devices	-	-	-	-	-	-	-	-	-	-	-
12	365	Flow Measuring Installations	-	-	-	-	-	-	-	-	-	-	-
13	366	Reuse Services	-	-	-	-	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	-	-	-	-	-	-	-	-	-	-	-
15	370	Receiving Wells	641,524	1,029	642,553	7,920	-	7,920	-	-	-	-	650,473
16	371	Pumping Equipment	1,711,835	10,895	1,722,731	35,790	-	35,790	(12,083)	-	(12,083)	(0)	1,746,437
17	374	Reuse Distribution Reservoirs	-	-	-	-	-	-	-	-	-	-	-
18	375	Reuse Transmission and Distribution System	975,936	-	975,936	13,200	-	13,200	-	-	-	-	989,136
19	380	Treatment and Disposal Equipment	7,135,928	5,161,672	12,297,601	777,400	76,631	854,031	(15,190)	(1,416)	(16,606)	0	13,135,025
20	381	Plant Sewers	-	-	-	-	-	-	-	-	-	-	-
21	382	Outfall Sewer Lines	29,192	-	29,192	-	-	-	-	-	-	-	29,192
22	389	Other Plant and Miscellaneous Equipment	639,602	756	640,358	7,920	-	7,920	-	-	-	-	648,278
23	390	Office Furniture and Equipment	1,297	410	1,707	-	-	-	-	-	-	-	1,707
24	390.1	Computers & Software	126,322	9,461	135,782	-	-	-	-	-	-	-	135,782
25	391	Transportation Equipment	186,504	17,576	204,080	-	-	-	-	-	-	-	204,080
26	392	Stores Equipment	-	-	-	-	-	-	-	-	-	-	-
27	393	Tools, Shop And Garage Equipment	56,384	10,115	66,499	4,174	-	4,174	-	-	-	-	70,673
28	394	Laboratory Equip	33,041	11,212	44,252	-	-	-	-	-	-	-	44,252
29	395	Power Operated Equipment	4,218	511	4,730	350,442	256,391	606,833	-	-	-	-	611,563
30	396	Communication Equipment	209,667	9,058	218,725	2,369	-	2,369	(841)	-	(841)	-	220,254
31	397	Miscellaneous Equipment	6,810	15,156	21,966	-	-	-	-	-	-	-	21,966
32	398	Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	-
33													
34													
35		SUBTOTAL	21,488,875	12,453,144	33,942,019	2,301,395	774,942	3,076,337	(28,114)	(4,616)	(32,730)	0	36,985,627
36													
42													
43		Plant Held for Future Use											-
44		TOTALS	$ 21,488,875	$ 12,453,144	$ 33,942,019	$ 2,301,395	$ 774,942	$ 3,076,337	$ (28,114)	$ (4,616)	$ (32,730)	$ -	$ 36,985,627
45													
46		Plant-in-Service per Books											$ 33,942,019
47													
48		Increase (decrease) in Plant-in-Service											$ 3,043,608
49													
50		Adjustment to Plant-in-Service											$ 3,043,608
51													
52													
53		SUPPORTING SCHEDULES											
54		B-2, pages 3.1 to 3.5											

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments
Reconciliation of Plant to Plant Reconstruction

Exhibit
Schedule B-2
Page 3.1
Witness: Barbee

Line No.	NARUC	Account Description	Original Cost	B-2 Adjustments	Adjusted Original Cost	Plant Per Reconstruction SaddleBrooke	Plant Per Reconstruction Mountain Pass	Plant Per Reconstruction Consolidated	Difference
1	106	Plant not Classified	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	351	Organization	25,986	-	25,986	21,369	4,617	25,986	-
3	352	Franchise	-	-	-	-	-	-	-
4	353	Land	125,000	-	125,000	125,000	-	125,000	-
5	354	Structures & Improvements	237,871	144,900	382,771	230,180	152,591	382,771	-
6	355	Power Generation Equipment	261,545	1,100,000	1,361,545	1,038,084	323,461	1,361,545	-
7	360	Collection System - Force	162,827	100,000	262,827	262,827	-	262,827	-
8	361	Collection System - Gravity	12,415,671	148,520	12,564,191	7,359,018	5,205,173	12,564,191	-
9	362	Special Collection Structures	-	-	-	-	-	-	-
10	363	Services to Customers	3,707,008	47,480	3,754,488	1,796,318	1,958,170	3,754,488	-
11	364	Flow Measuring Devices	-	-	-	-	-	-	-
12	365	Flow Measuring Installations	-	-	-	-	-	-	-
13	366	Reuse Services	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	-	-	-	-	-	-	-
15	370	Receiving Wells	642,553	7,920	650,473	649,444	1,029	650,473	-
16	371	Pumping Equipment	1,722,731	23,707	1,746,438	1,735,542	10,895	1,746,437	(0)
17	374	Reuse Distribution Reservoirs	-	-	-	-	-	-	-
18	375	Reuse Transmission and Distribution System	975,936	13,200	989,136	989,136	-	989,136	-
19	380	Treatment and Disposal Equipment	12,297,601	837,425	13,135,025	7,898,138	5,236,887	13,135,025	0
20	381	Plant Sewers	-	-	-	-	-	-	-
21	382	Outfall Sewer Lines	29,192	-	29,192	29,192	-	29,192	-
22	389	Other Plant and Miscellaneous Equipment	640,358	7,920	648,278	647,522	756	648,278	-
23	390	Office Furniture and Equipment	1,707	-	1,707	1,297	410	1,707	-
24	390.1	Computers & Software	135,782	-	135,782	126,322	9,461	135,782	-
25	391	Transportation Equipment	204,080	-	204,080	186,504	17,576	204,080	-
26	392	Stores Equipment	-	-	-	-	-	-	-
27	393	Tools, Shop And Garage Equipment	66,499	4,174	70,673	60,558	10,115	70,673	-
28	394	Laboratory Equip	44,252	-	44,252	33,041	11,212	44,252	-
29	395	Power Operated Equipment	4,730	606,833	611,563	354,660	256,903	611,563	-
30	396	Communication Equipment	218,725	1,528	220,254	211,195	9,058	220,254	-
31	397	Miscellaneous Equipment	21,966	-	21,966	6,810	15,156	21,966	-
32	398	Other Tangible Plant	-	-	-	-	-	-	-
33									
34	103	Plant Held for Future Use							-
35		TOTALS	$ 33,942,019	$ 3,043,608	$ 36,985,627	$ 23,762,156	$ 13,223,471	$ 36,985,627	$ 0
36									
37									
38	SUPPORTING SCHEDULE								
39	B-2, pages 3.1 through 3.4								
40	B-2, pages 3.6 through 3.10								

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2
Accumulated Depreciation

Exhibit
Schedule B-2
Page 4
Witness: Barbee

Line			Per Books A/D			PTYP A/D Adjustments			Test-Year Profroma Retirements			Adjustments to Reconcile	Adjusted Accum.
No.	NARUC	Account Description	SaddleBrooke	Mountain Pass	Consolidated	SaddleBrooke	Mountain Pass	Consolidated	SaddleBrooke	Mountain Pass	Consolidated	A/D to Reconstruction	Depr.
1	351	Organization	-	-	-	-	-	-	-	-	-	-	-
2	352	Franchise	-	-	-	-	-	-	-	-	-	-	-
3	353	Land	-	-	-	-	-	-	-	-	-	-	-
4	354	Structures & Improvements	67,921	5,210	73,131	1,300	1,166	2,466	-	(3,200)	(3,200)	3,821	76,218
5	355	Power Generation Equipment	175,530	1,074	176,605	20,000	7,500	27,500	-	-	-	2,799	206,904
6	360	Collection System - Force	132,400	-	132,400	1,000	-	1,000	-	-	-	834	134,234
7	361	Collection System - Gravity	5,740,088	707,698	6,447,786	977	508	1,485	-	-	-	20,945	6,470,216
8	362	Special Collection Structures	-	-	-	-	-	-	-	-	-	-	-
9	363	Services to Customers	1,250,445	276,337	1,526,783	264	211	475	-	-	-	11,523	1,538,780
10	364	Flow Measuring Devices	-	-	-	-	-	-	-	-	-	-	-
11	365	Flow Measuring Installations	-	-	-	-	-	-	-	-	-	(625)	(625)
12	366	Reuse Services	-	-	-	-	-	-	-	-	-	-	-
13	367	Reuse Meters and Meter Installations	-	-	-	-	-	-	-	-	-	-	-
14	370	Receiving Wells	599,771	73	599,844	132	-	132	-	-	-	8,163	608,159
15	371	Pumping Equipment	924,108	(67,340)	856,768	2,237	-	2,237	(12,083)	-	(12,083)	177,490	1,024,413
16	374	Reuse Distribution Reservoirs	-	-	-	-	-	-	-	-	-	-	-
17	375	Reuse Transmission and Distribution System	341,291	-	341,291	165	-	165	-	-	-	20,895	362,351
18	380	Treatment and Disposal Equipment	5,861,112	1,474,700	7,335,812	19,435	1,916	21,351	(15,190)	(1,416)	(16,606)	(111,069)	7,229,487
19	381	Plant Sewers	-	-	-	-	-	-	-	-	-	-	-
20	382	Outfall Sewer Lines	29,612	-	29,612	-	-	-	-	-	-	(420)	29,192
21	389	Other Plant and Miscellaneous Equipment	117,491	185	117,676	264	-	264	-	-	-	70,861	188,801
22	390	Office Furniture and Equipment	(689)	(21)	(710)	-	-	-	-	-	-	229	(481)
23	390.1	Computers & Software	81,336	626	81,963	-	-	-	-	-	-	26,321	108,283
24	391	Transportation Equipment	103,787	827	104,614	-	-	-	-	-	-	55,199	159,813
25	392	Stores Equipment	-	-	-	-	-	-	-	-	-	-	-
26	393	Tools, Shop And Garage Equipment	12,841	319	13,160	104	-	104	-	-	-	2,392	15,656
27	394	Laboratory Equip	8,143	831	8,974	-	-	-	-	-	-	2,007	10,981
28	395	Power Operated Equipment	(3,101)	29	(3,073)	8,761	6,410	15,171	-	-	-	(76)	12,022
29	396	Communication Equipment	45,097	(5,952)	39,145	118	-	118	-	-	-	27,241	66,504
30	397	Miscellaneous Equipment	-	4,104	4,104	-	-	-	(841)	-	(841)	1,169	4,433
31	398	Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	-
32													
33													
34	108	Accumulated Depreciation	-	-	-							-	-
35		SUBTOTAL	15,487,186	2,398,700	17,885,885	54,758	17,710	72,468	(28,114)	(4,616)	(32,730)	319,718	18,245,342
36													
41													
42	103	Plant Held for Future Use											-
43		TOTALS			$ 17,885,885	$ 54,758	$ 17,710	$ 72,468	$ (28,114)	$ (4,616)	$ (32,730)	$ 319,718	$ 18,245,342
44													
45		Accumulated Depreciation per Books											$ 17,885,885
46													
47		Increase (decrease) in Accumulated Depreciation											$ 359,457
48													
49		Adjustment to Accumulated Depreciation											$ 359,457
50													
51													
52		SUPPORTING SCHEDULES											
53		B-2, pages 4.1 through 4.5											

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments
Reconciliation of A/D to A/D Reconstruction

Exhibit
Schedule B-2
Page 4.1
Witness: Barbee

Line			A/D Original	B-2	Adjusted A/D Original	A/D Per Reconstruction			
No.	**NARUC**	**Account Description**	**Cost**	**Adjustments**	**Cost**	**SaddleBrooke**	**Mountain Pass**	**Consolidated**	**Difference**
1	351	Organization	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	352	Franchise	-	-	-	-	-	-	-
3	353	Land	-	-	-	-	-	-	-
4	354	Structures & Improvements	73,131	(734)	72,397	71,946	4,272	76,218	3,821
5	355	Power Generation Equipment	176,605	27,500	204,105	202,346	4,558	206,904	2,799
6	360	Collection System - Force	132,400	1,000	133,400	134,234	-	134,234	834
7	361	Collection System - Gravity	6,447,786	1,485	6,449,271	5,744,640	725,576	6,470,216	20,945
8	362	Special Collection Structures	-	-	-	-	-	-	-
9	363	Services to Customers	1,526,783	475	1,527,257	1,257,627	281,153	1,538,780	11,523
10	364	Flow Measuring Devices	-	-	-	-	-	-	-
11	365	Flow Measuring Installations	-	-	-	(625)	-	(625)	(625)
12	366	Reuse Services	-	-	-	-	-	-	-
13	367	Reuse Meters and Meter Installations	-	-	-	-	-	-	-
14	370	Receiving Wells	599,844	132	599,976	608,066	93	608,159	8,183
15	371	Pumping Equipment	856,768	(9,846)	846,922	1,082,590	(58,178)	1,024,413	177,490
16	374	Reuse Distribution Reservoirs	-	-	-	-	-	-	-
17	375	Reuse Transmission and Distribution System	341,291	165	341,456	362,351	-	362,351	20,895
18	380	Treatment and Disposal Equipment	7,335,812	4,745	7,340,556	5,945,419	1,284,068	7,229,487	(111,069)
19	381	Plant Sewers	-	-	-	-	-	-	-
20	382	Outfall Sewer Lines	29,612	-	29,612	29,192	-	29,192	(420)
21	389	Other Plant and Miscellaneous Equipment	117,676	264	117,940	167,458	21,344	188,801	70,861
22	390	Office Furniture and Equipment	(710)	-	(710)	(473)	(9)	(481)	229
23	390.1	Computers & Software	81,963	-	81,963	107,432	851	108,283	26,321
24	391	Transportation Equipment	104,614	-	104,614	160,492	(679)	159,813	55,199
25	392	Stores Equipment	-	-	-	-	-	-	-
26	393	Tools, Shop And Garage Equipment	13,160	104	13,264	15,244	412	15,656	2,392
27	394	Laboratory Equip	8,974	-	8,974	9,986	995	10,981	2,007
28	395	Power Operated Equipment	(3,073)	15,171	12,098	9,423	2,600	12,022	(76)
29	396	Communication Equipment	39,145	118	39,263	72,496	(5,992)	66,504	27,241
30	397	Miscellaneous Equipment	4,104	(841)	3,264	340	4,092	4,433	1,169
31	398	Other Tangible Plant	-	-	-	-	-	-	-
32									
33									
34	108	Accumulated Depreciation	-	-	-	-	-	-	-
35									
36	103	Plant Held for Future Use							-
37		TOTALS	$ 17,885,885	$ 39,739	$ 17,925,624	$ 15,980,185	$ 2,265,157	$ 18,245,342	$ 319,718
38									
39									
40	SUPPORTING SCHEDULE								
41	B-2, pages 4.1 through 4.4								
42	B-2, pages 3.6 through 3.10								

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 3
Prepayments

Exhibit
Schedule B-2
Page 5
Witness: Barbee

Line No.	Description	SaddleBrooke	Mountain Pass	Consolidated
1	Book balance at end of Test Year	$ 3,088	$ (581)	$ 2,506
2	Reversal Correction Adjustment	199	3,775	3,974
3	Adjusted TY Amount	$ 3,287	$ 3,193	$ 6,480

JW Wastewater Utility Company
Test Year Ended April 30, 2023
Lead/Lag Study - Working Cash Requirement

Exhibit
Schedule B-5
Page 1
Witness: Bourassa

Line No. 1 2 3	Description	Proforma Test Year Amount[1]	Revenue Lag (Lead) Days	Expense Lag (Lead) Days	Net Lag (Lead) Days Col. C - Col. D	Lead/Lag Factor Col. E/365	Cash Working Capital Required Col. B * Col. F
4							
5	(A)	(B)	(C)	(D)	(E)	(F)	(G)
6							
7	OPERATING EXPENSES						
8	Salaries and Wages	$ 307,265	51.16	19.00	32.16	0.088100	$ 27,070
9	Salaries and Wages - Officers	-	51.16	19.00	32.16	0.088100	-
10	Employee Benefits	127,018	51.16	27.00	24.16	0.066182	8,406
11	Sludge Removal	153,102	51.16	33.10	18.06	0.049470	7,574
12	Purchased Power	300,649	51.16	28.76	22.40	0.061360	18,448
13	Fuel for Power Production	2,150	51.16	33.10	18.06	0.049470	106
14	Chemicals	17,769	51.16	(5.00)	56.16	0.153853	2,734
15	Materials & Supplies	105,561	51.16	28.85	22.31	0.061114	6,451
16	Office Supplies	79,261	51.16	1.88	49.28	0.135004	10,701
17	Contractual Services - Engineering	838	51.16	31.00	20.16	0.055223	46
18	Contractual Services - Accounting	70,788	51.16	34.83	16.33	0.044740	3,167
19	Contractual Services - Legal	120,179	51.16	35.00	16.16	0.044264	5,320
20	Contractual Services - Management	703,354	51.16	35.00	16.16	0.044264	31,134
21	Contractual Services - Testing	39,082	51.16	35.12	16.04	0.043936	1,717
22	Contractual Services - Other	114,642	51.16	-	51.16	0.140155	16,068
23	Rental of Building/Real Property	-	51.16	-	51.16	0.140155	-
24	Rental of Equipment	3,945	51.16	-	51.16	0.140155	553
25	Transportation	12,312	51.16	24.28	26.88	0.073634	907
26	Insurance - Vehicle	11,260	51.16	(182.50)	233.66	0.640155	7,208
27	Insurance - General Liability	119,351	51.16	(182.50)	233.66	0.640155	76,403
28	Insurance - Workman's Compensation	-	51.16	-	51.16	0.140155	-
29	Insurance - Other	-	51.16	-	51.16	0.140155	-
30	Advertising Expense	-	51.16	-	51.16	0.140155	-
31	Regulatory Commission Expenses -Rate Case	-	51.16	-	51.16	0.140155	-
32	Regulatory Commission Expenses	7,886	51.16	35.00	16.16	0.044264	349
33	Miscellaneous	24,903	51.16	35.69	15.46	0.042369	1,055
34	Customer Deposit Interest		51.16	184.00	(132.84)	(0.363955)	-
35							
36	TAXES						
37	General Taxes-Property[1]	154,362	53.15	213.96	(160.81)	(0.440576)	$ (68,008)
38	General Taxes-Other	75,920	53.15	22.00	31.15	0.085338	6,479
39	Income Tax[1]	407,102	53.15	37.00	16.15	0.044242	18,011
40							
41	Other						
42	Interest Expense	481,273	53.15	16.00	37.15	0.101776	48,982
43							
44	TOTAL	$ 3,439,971		WORKING CASH REQUIREMENT			$ 230,880
45							
46					Unadjusted Cash Working Capital		-
47							
48	[1] At proposed rates.				Adjustment to Cash Working Capital		$ 230,880
49							

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Income Statement

Exhibit
Schedule C-1
Page 1
Witness: Barbee

Line No.	NARUC	Account Description	Test Year Book Results	Adjustment	Test Year Adjusted Results	Proposed Rate Increase / (Decrease)	Adjusted with Rate Increase / (Decrease)
1		Revenues					
2	521	Flat Rate Revenues	$ 3,312,790	$ (20,600)	$ 3,292,190	$ 2,269,965	$ 5,562,155
3	522	Measured Revenues	111,984	-	111,984	35,893	147,877
	536	Other Revenues	44,512	4,285	48,797		48,797
4							
5			$ 3,469,286	$ (16,315)	$ 3,452,972	$ 2,305,858	$ 5,758,829
6		Operating Expenses					
7	701	Salaries and Wages	$ 307,265	-	$ 307,265		$ 307,265
8	703	Salaries and Wages	2,939	(2,939)	-		-
9	704	Employee Benefits	127,018	-	127,018		127,018
10	711	Sludge Removal Expense	152,237	865	153,102		153,102
11	715	Purchased Power	301,156	(507)	300,649		300,649
12	716	Fuel for Power Production	-	2,150	2,150		2,150
13	718	Chemicals	17,669	100	17,769		17,769
14	720	Materials and Supplies	105,939	(378)	105,561		105,561
15	721	Office Expenses	84,757	(5,496)	79,261		79,261
16	731	Contractual Services - Engineering	838	-	838		838
17	732	Contractual Services - Accounting	29,779	41,009	70,788		70,788
18	733	Contractual Services - Legal	-	120,179	120,179		120,179
19	734	Contractual Services - Management Fees	-	703,354	703,354		703,354
20	735	Contractual Services - Testing	39,082	-	39,082		39,082
21	736	Contractual Services - Other	288,777	(174,135)	114,642		114,642
22	741	Building Rent	-	-	-		-
23	742	Equipment Rent	3,945	-	3,945		3,945
24	750	Transportation Expense	12,312	-	12,312		12,312
25	756	Insurance - Vehicle	11,260	-	11,260		11,260
26	757	Insurance - General Liability	119,351	-	119,351		119,351
27	758	Insurance - Workman's Compensation	-	-	-		-
28	759	Insurance - Other	-	-	-		-
29	760	Advertising Expenses	-	-	-		-
30	766	Regulatory Commission Expenses - Rate Ca:	-	-	-		-
31	767	Regulatory Commission Expenses - Other	7,886	-	7,886		7,886
32	403	Depreciation and Amortization	368,820	717,753	1,086,573		1,086,573
33	770	Bad Debt Expense	1,475	44	1,519	1,014	2,533
34	408.11	Property Taxes	110,121	15,988	126,109	28,253	154,362
35	408.12 & 408.13	Taxes Other than Income	75,920	-	75,920		75,920
36	775	Miscellaneous Expense	24,903	-	24,903		24,903
37	409 & 410	Income Taxes	113,152	(272,261)	(159,109)	566,211	407,102
38							
39							
40		Total Operating Expenses	$ 2,306,600	$ 1,145,727	$ 3,452,327	$ 595,478	$ 4,047,805
41		Operating Income	$ 1,162,686	$ (1,162,041)	$ 645	$ 1,710,380	$ 1,711,025
42		Other Income (Expense)					
43	419	Interest and Dividend Income	18,334	-	18,334		18,334
44	421	Miscellaneous Non-Utility Income	119,461	-	119,461		119,461
45	426	Miscellaneous Non-Utility Expenses	-	-	-		-
46	427	Interest Expense	(6,221)	(475,053)	(481,273)		(481,273)
47							
48		Total Other Income (Expense)	$ 131,574	$ (475,053)	$ (343,478)	$ -	$ (343,478)
49		Net Profit (Loss)	$ 1,294,260	$ (1,637,094)	$ (342,833)	$ 1,710,380	$ 1,367,546
50							
51							

52 SUPPORTING SCHEDULES: RECAP SCHEDULES:
53 C-1, page 2 A-1
54 E-2

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Income Statement

Exhibit
Schedule C-2
Page 1
Witness: Barbee

Line No.	NARUC	Account Description	SaddleBrooke	Mountain Pass	Consolidated	Adjustments 1	2	3	4	5	6	7	8	9	10			
			Test Year Book Results	Test Year Book Results	Test Year Book Results	Depreciation	Property Taxes	Revenue Annualization	Shared Services Costs	Bad Debt	Purchased Power	Late Fees	Officer Salaries	Interest Synch.	Income Taxes	Test Year Adjusted Results	Proposed Rate Increase / (Decrease)	Adjusted with Rate Increase / (Decrease)
1		Revenues																
2	521	Flat Rate Revenues	$ 2,230,712	$ 1,082,078	$ 3,312,790			(20,600)								$ 3,292,190	$ 2,269,965	$ 5,562,155
3	522	Measured Revenues	71,776	40,208	111,984											111,984	35,893	147,877
4	536	Other Revenues	36,778	7,734	44,512			4,285								48,797		48,797
5																		
6			$ 2,339,266	$ 1,130,020	$ 3,469,286	$ -	$ -	$ (16,315)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,452,972	$ 2,305,858	$ 5,758,829
7		Operating Expenses																
8	701	Salaries and Wages	$ 205,644	$ 101,622	$ 307,265											$ 307,265		$ 307,265
9	703	Salaries and Wages	2,750	188	2,939								(2,939)			-		-
10	704	Employee Benefits	69,603	57,415	127,018											127,018		127,018
11	711	Sludge Removal Expense	95,633	56,604	152,237			865								153,102		153,102
12	715	Purchased Power	221,582	79,573	301,156			1,711			(2,150)	(68)				300,649		300,649
13	716	Fuel for Power Production	-	-	-						2,150					2,150		2,150
14	718	Chemicals	17,669	-	17,669			100								17,769		17,769
15	720	Materials and Supplies	69,650	36,289	105,939							(378)				105,561		105,561
16	721	Office Expenses	65,497	19,260	84,757				(5,447)			(49)				79,261		79,261
17	731	Contractual Services - Engineering	838	-	838											838		838
18	732	Contractual Services - Accounting	17,358	12,421	29,779				41,009							70,788		70,788
19	733	Contractual Services - Legal	-	-	-				120,179							120,179		120,179
20	734	Contractual Services - Management Fe	-	-	-				703,354							703,354		703,354
21	735	Contractual Services - Testing	27,787	11,295	39,082											39,082		39,082
22	736	Contractual Services - Other	177,275	111,502	288,777				(174,135)							114,642		114,642
23	741	Building Rent	-	-	-											-		-
24	742	Equipment Rent	3,945	-	3,945											3,945		3,945
25	750	Transportation Expense	7,136	5,176	12,312											12,312		12,312
26	756	Insurance - Vehicle	4,907	6,353	11,260											11,260		11,260
27	757	Insurance - General Liability	72,977	46,374	119,351											119,351		119,351
28	758	Insurance - Workman's Compensation	-	-	-											-		-
29	759	Insurance - Other	-	-	-											-		-
30	760	Advertising Expenses	-	-	-											-		-
31	766	Regulatory Commission Expenses - Ra	-	-	-											-		-
32	767	Regulatory Commission Expenses - Ot	5,363	2,523	7,886											7,886		7,886
33	403	Depreciation and Amortization	203,697	165,123	368,820	717,753										1,086,573		1,086,573
34	770	Bad Debt Expense	1,004	471	1,475					44						1,519	1,014	2,533
35	408.11	Property Taxes	77,230	32,891	110,121		15,988									126,109	28,253	154,362
36	408.12 & 408.13	Taxes Other than Income	53,261	22,659	75,920											75,920		75,920
37	775	Miscellaneous Expense	19,005	5,898	24,903											24,903		24,903
38	409 & 410	Income Taxes	66,080	47,072	113,152										(272,261)	(159,109)	566,211	407,102
39																		
40		Total Operating Expenses	$ 1,485,890	$ 820,710	$ 2,306,600	$ 717,753	$ 15,988	$ 2,677	$ 684,959	$ 44	$ -	$ (495)	$ (2,939)	$ -	$ (272,261)	$ 3,452,327	$ 596,478	$ 4,047,805
41		Operating Income	$ 853,376	$ 309,310	$ 1,162,686	$ (717,753)	$ (15,988)	$ (18,991)	$ (684,959)	$ (44)	$ -	$ 495	$ 2,939	$ -	$ 272,261	$ 645	$ 1,710,380	$ 1,711,025
42		Other Income (Expense)																
43	419	Interest and Dividend Income	21,933	(3,600)	18,334											18,334		18,334
44	421	Miscellaneous Non-Utility Income	117,922	1,540	119,461											119,461		119,461
45	426	Miscellaneous Non-Utility Expenses	-	-	-											-		-
46	427	Interest Expense	(6,221)	-	(6,221)									(475,053)		(481,273)		(481,273)
47																-		-
48		Total Other Income (Expense)	$ 133,634	$ (2,060)	$ 131,574	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (475,053)	$ -	$ (343,478)	$ -	$ (343,478)
49		Net Profit (Loss)	$ 987,010	$ 307,250	$ 1,294,260	$ (717,753)	$ (15,988)	$ (18,991)	$ (684,959)	$ (44)	$ -	$ 495	$ 2,939	$ (475,053)	$ 272,261	$ (342,833)	$ 1,710,380	$ 1,367,546
50																		
51	SUPPORTING SCHEDULES:																RECAP SCHEDULES:	
52	C-2																C-1, page 1	
53	E-2																	

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Adjustments to Revenues and Expenses
Adjustment Number 1
Depreciation Expense

Exhibit
Schedule C-2
Page 2
Witness: Barbee

Line No.	NARUC	Account Description	Adjusted Original Cost	Non-Depreciable or Fully Depreciated Plant: SaddleBrooke	Mountain Pass	Consolidated	Depr Original Cost	Proposed Rates	Depreciation Expense
1	351	Organization	$ 25,986	$ (21,369)	$ (4,617)	$ (25,986)	$ -	0.00%	$ -
2	352	Franchise	-	-	-	-	-	0.00%	-
3	353	Land	125,000	(125,000)	-	(125,000)	-	0.00%	-
4	354	Structures & Improvements	382,771	(38,520)	-	(38,520)	344,251	3.33%	11,464
5	355	Power Generation Equipment	1,361,545	(68,387)	-	(68,387)	1,293,158	5.00%	64,658
6	360	Collection System - Force	262,827	-	-	-	262,827	2.00%	5,257
7	361	Collection System - Gravity	12,564,191	(2,799,763)	-	(2,799,763)	9,764,428	2.00%	195,289
8	362	Special Collection Structures	-	-	-	-	-	2.00%	-
9	363	Services to Customers	3,754,488	(429,385)	-	(429,385)	3,325,103	2.00%	66,502
10	364	Flow Measuring Devices	-	-	-	-	-	10.00%	-
11	365	Flow Measuring Installations	-	-	-	-	-	10.00%	-
12	366	Reuse Services	-	-	-	-	-	2.00%	-
13	367	Reuse Meters and Meter Installations	-	-	-	-	-	8.33%	-
14	370	Receiving Wells	650,473	(130,250)	-	(130,250)	520,223	3.33%	17,323
15	371	Pumping Equipment	1,746,437	(525,649)	-	(525,649)	1,220,788	12.50%	152,599
16	374	Reuse Distribution Reservoirs	-	-	-	-	-	2.50%	-
17	375	Reuse Transmission and Distribution System	989,136	-	-	-	989,136	2.50%	24,728
18	380	Treatment and Disposal Equipment	13,135,025	(4,972,491)	-	(4,972,491)	8,162,535	5.00%	408,127
19	381	Plant Sewers	-	-	-	-	-	5.00%	-
20	382	Outfall Sewer Lines	29,192	(29,192)	-	(29,192)	-	3.33%	-
21	389	Other Plant and Miscellaneous Equipment	648,278	-	-	-	648,278	6.67%	43,240
22	390	Office Furniture and Equipment	1,707	-	-	-	1,707	6.67%	114
23	390.1	Computers & Software	135,782	(8,680)	-	(8,680)	127,102	20.00%	25,420
24	391	Transportation Equipment	204,080	(155,286)	-	(155,286)	48,794	20.00%	9,759
25	392	Stores Equipment	-	-	-	-	-	4.00%	-
26	393	Tools, Shop And Garage Equipment	70,673	-	-	-	70,673	5.00%	3,534
27	394	Laboratory Equip	44,252	(6,649)	-	(6,649)	37,604	10.00%	3,760
28	395	Power Operated Equipment	611,563	-	-	-	611,563	5.00%	30,578
29	396	Communication Equipment	220,254	-	-	-	220,254	10.00%	22,025
30	397	Miscellaneous Equipment	21,966	-	-	-	21,966	10.00%	2,197
31	398	Other Tangible Plant	-	-	-	-	-	10.00%	-
32									
33		TOTALS	$ 36,985,627	$ (9,310,621)	$ (4,617)	$ (9,315,238)	$ 27,670,389		$ 1,086,573

Line No.	Description		Fully Amortized CIAC					
34								
35								
36								
37								
38						Net		
39		Gross CIAC	Saddlebrooke	Mountain Pass	Consolidated	CIAC	Amort. Rate	
40	Less: Contributions-in-Aid of Construction Amortization	$ -	$ -	$ -	$ -	$ -	3.9268%	$ -
41								
42								
43	Total Depreciation Expense							$ 1,086,573
44								
45	Adjusted Test Year Depreciation Expense							$ 368,820
46								
47	Increase / (Decrease) in Depreciation Expense							$ 717,753
48								
49	Adjustment to Revenues and/or Expenses							$ 717,753
50								
51								
52	SUPPORTING SCHEDULE							

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Adjustment to Revenues and Expenses
Adjustment Number 2
Property Taxes

Exhibit
Schedule C-2
Page 3
Witness: Barbee

Line No.	Description	Test Year as adjusted	Company Recommended
1	Company Adjusted Test Year Revenues	$ 3,452,972	$ 3,452,972
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	6,905,943	6,905,943
4	Company Recommended Revenue	3,452,972	5,758,829
5	Subtotal (Line 4 + Line 5)	10,358,915	12,664,772
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	3,452,972	4,221,591
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	6,905,943	8,443,182
10	Plus: 10% of CWIP (intentionally excluded)	-	-
11	Less: Net Book Value of Licensed Vehicles	44,267	44,267
12	Full Cash Value (Line 9 + Line 10 - Line 11)	6,861,676	8,398,915
13	Assessment Ratio	16.0%	16.0%
14	Assessment Value (Line 12 * Line 13)	1,097,868	1,343,826
15	Composite Property Tax Rate - Obtained from ADOR	11.4867%	11.4867%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	$ 126,109	$ 154,362
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	$ 126,109	
19	Test Year Property Taxes	$ 110,121	
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	**$ 15,988**	
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		$ 154,362
23	Company Test Year Adjusted Property Tax Expense (Line 18)		$ 126,109
24	Increase / (Decrease) in Property Tax Due to Increase / (Decrease) in Revenue Requirement		**$ 28,253**
25			
26	Increase / (Decrease) in Property Tax Due to Increase / (Decrease) in Revenue Requirement (Line 24)		$ 28,253
27	Increase / (Decrease) in Revenue Requirement		$ 2,305,858
28	Increase / (Decrease) in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		1.22525%

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Adjustment to Revenues and Expenses
Adjustment Number 3
Revenue Annualization

Exhibit
Schedule C-2
Page 4
Witness: Barbee

Line No.	Description		Amount
1	Revenue Annualization	$	23,317
2	Revneue Accural Fix		(13,495)
3	Surcharge Revenues		(30,422)
4	Total Revenue from Annualization	$	(20,600)
5			
6	Misc Charges	$	4,285
7	Total Increase in Other Revenues	$	4,285
8			
9			
10	Sludge Removal Expense Annualization		
11	TY Sludge Removal Expense Annualization	$	152,237
12	Gallons Treated During Test Year (in 1,000s)		188,599
13	Cost per 1,000 gallons	$	0.8072
14			
15	Additional Gallons Treated from Annualization (in 1,000s)		1,072
16			
17	Increase (decrease) in Sludge Removal Expense	$	865
18			
19	Purchased Power Annualization		
20	TY Purchased Power Expense	$	301,156
21	Gallons Sold During Test Year (in 1,000s)		188,599
22	Cost per 1,000 gallons	$	1.5968
23			
24	Additional Sold from Annualization (in 1,000s)		1,072
25			
26	Increase (decrease) in Purchased Power	$	1,711
27			
28	Chemicals Expense Annualization		
29	TY Chemicals Expense	$	17,669
30	Gallons Sold During Test Year (in 1,000s)		188,599
31	Cost per 1,000 gallons	$	0.0937
32			
33	Additional Gallons Treated from Annualization (in 1,000s)		1,072
34			
35	Increase (decrease) in Chemicals Expense	$	100
36			
37			
38	Adjustment to Revenue and/or Expense	$	(18,991)
39			
40	SUPPORTING SCHEDULES		
41	Work papers		
42	H-1		

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Adjustment to Revenues & Expenses
Adjustment Number 4
Shared Services Costs

Exhibit
Schedule C-2
Page 5
Witness: Barbee

Line No.	Description	NARUC	SaddleBrooke	Mountain Pass	Consolidated
1	Office Expenses	721	$ (4,100)	$ (1,347)	$ (5,447)
2	Contractual Services - Accounting	732	23,317	17,692	41,009
3	Contractual Services - Legal	733	69,055	51,124	120,179
4	Contractual Services - Management Fees	734	404,149	299,205	703,354
5	Contractual Services - Other	736	(111,401)	(62,734)	(174,135)
6	Total Shared Costs Adjustment		381,020	303,940	684,959
7					
8					
9					
10					
11					
12					
13					
14	SUPPORTING SCHEDULES				
15	JWW Shared Cost Adjustment				

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Adjustment to Revenues & Expenses
Adjustment Number 6
Bad Debt Expense

Exhibit
Schedule C-2
Page 6
Witness: Barbee

Bad Debt Expense

Line No.		Revenues	Bad Debt Expense	Rate	Proposed Rate
1	Consolidated Bad Debt Rate September 2023	$ 3,348,093	$ 1,726	0.052%	
2	Consolidated Bad Debt Rate September 2024	$ 3,401,485	$ 1,288	0.038%	
3	Consolidated Bad Debt Rate TYE	$ 3,469,286	$ 1,475	0.043%	
4	Consolidated Average of three year's of bad debt expense rate			0.044%	0.044%
5				Adjusted TY	Proposed
6	Consolidated Revenues			$ 3,452,972	$ 5,758,829
7	Consolidated Computed Bad Debt Expense			$ 1,519	$ 2,533
8	**Consolidated Change in Bad Debt Expense**			**$ 44**	
9	**Consolidated Increase in Bad Debt due to Increase in Revenue Requirement**				**$ 1,014**
10	Consolidated Increase in Revenue Requirement				$ 2,305,858
11	**Consolidated Increase in Bad Debt Expense Per Dollar Increase in Revenue**				**0.04399%**

12 Reference
13 Testimony
14 Work papers

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Adjustment to Revenues and Expenses
Adjustment Number 9
Interest Synchronization

Exhibit
Schedule C-2
Page 7
Witness: Barbee

Line No.	Description			Amount
1	Fair Value Rate Base			$ 18,977,646
2	Weighted Cost of Debt			2.54%
3	Interest Expense			$ 481,273
4				
5	Test Year Interest Expense			$ 6,221
6				
7	Increase / (Decrease) in Interest Expense			475,053
8				
9				
10				
11	Adjustment to Revenue and/or Expense			$ (475,053)
12				
13				
14	Weighted Cost of Debt Computation			
15	Pro forma Capital Structure			Weighted
16		Percent	Cost	Cost
17	Debt	40.00%	6.34%	2.54%
18	Equity	60.00%	10.80%	6.48%
19	Total	100.00%		9.02%

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Adjustment to Revenues and/or Expenses
Adjustment Number 10
Income Taxes

Exhibit
Schedule C-2
Page 8
Witness: Barbee

Line No.		Test Year at Present Rates	Test Year at Proposed Rates
1	Computed Income Tax	$ (159,109)	$ 407,102
2	Test Year Income tax Expense	113,152	(159,109)
3	Adjustment to Income Tax Expense	$ (272,261)	$ 566,211
4			
5			
6			
7			
8			
9			
10	SUPPORTING SCHEDULE		
11	C-3, page 2		

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Computation of Gross Revenue Conversion Factor

Exhibit
Schedule C-3
Page 1
Witness: Barbee

Line No.	Description		Percentage of Incremental Gross Gross Revenues
1	Federal Effective Income Tax Rate		19.9710%
2			
3	State Effective Income Tax Rate		4.9000%
4			
5	Uncollectible Rate		0.0330%
6			
7	Property Taxes		0.9205%
8			
9			
10	Total Tax Percentage		25.825%
11			
12	Operating Income % = 100% - Tax Percentage		74.175%
13			
14			
15			
16			
17	1	= Gross Revenue Conversion Factor	
18	Operating Income %		1.3482
19			
20			
21	SUPPORTING SCHEDULES:		RECAP SCHEDULES:
22	C-3, page 2		A-1

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Gross Revenue Conversion Factor

Exhibit
Schedule C-3
Page 2
Witness: Barbee

Line No.	Description	(A)	(B)	(C)	(D)	(E)	(F)
	Calculation of Gross Revenue Conversion Factor:						
1	Revenue	100.0000%					
2	Uncollectible Factor (Line 11)	0.0330%					
3	Revenues (L1 - L2)	99.9670%					
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	25.7915%					
5	Subtotal (L3 - L4)	74.1754%					
6	Revenue Conversion Factor (L1 / L5)	1.348155					
	Calculation of Uncollectible Factor:						
7	Unity	100.0000%					
8	Combined Federal and State Tax Rate (L17)	24.8710%					
9	One Minus Combined Income Tax Rate (L7 - L8)	75.1290%					
10	Uncollectible Rate	0.0440%					
11	Uncollectible Factor (L9 * L10)		0.0330%				
	Calculation of Effective Tax Rate:						
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%					
13	Arizona State Income Tax Rate	4.9000%					
14	Federal Taxable Income (L12 - L13)	95.1000%					
15	Applicable Federal Income Tax Rate (L55, Col E)	21.0000%					
16	Effective Federal Income Tax Rate (L14 x L15)	19.9710%					
17	Combined Federal and State Income Tax Rate (L13 +L16)		24.8710%				
	Calculation of Effective Property Tax Factor						
18	Unity	100.0000%					
19	Combined Federal and State Income Tax Rate (L17)	24.8710%					
20	One Minus Combined Income Tax Rate (L18-L19)	75.1290%					
21	Property Tax Factor	1.2253%					
22	Effective Property Tax Factor (L20*L21)		0.9205%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			25.7915%			
24	Required Operating Income	$ 1,711,025					
25	Adjusted Test Year Operating Income (Loss)	$ 645					
26	Required Increase / (Decrease) in Operating Income (L24 - L25)		$ 1,710,380				
27	Income Taxes on Recommended Revenue (Col. (E), L52)	$ 407,102					
28	Income Taxes on Test Year Revenue (Col. (B), L54)	$ (159,109)					
29	Required Increase / (Decrease) in Revenue to Provide for Income Taxes (L27 - L28)		$ 566,211				
30	Recommended Revenue Requirement	$ 5,758,829					
31	Uncollectible Rate	0.0440%					
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	$ 2,533					
33	Adjusted Test Year Uncollectible Expense	$ 1,519					
34	Required Increase / (Decrease) in Revenue to Provide for Uncollectible Exp.		$ 1,014				
35	Property Tax with Recommended Revenue	$ 154,362					

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Gross Revenue Conversion Factor

Exhibit
Schedule C-3
Page 2
Witness: Barbee

36	Property Tax on Test Year Revenue	$ 126,109	
37	Increase in Property Tax Due to Increase / (Decrease) in Revenue (L35-L36)		$ 28,253
38	Total Required Increase / (Decrease) in Revenue (L26 + L29 + L37)		$ 2,305,858

		(A)	(B)	(C)	(D)	(E)	(F)
		Test Year			Company Recommended		
	Calculation of Income Tax:	Total	Wastewater		Total	Wastewater	
39	Revenue	$ 3,452,972	$ 3,452,972		$ 5,758,829	$ 5,758,829	
40	Operating Expenses Excluding Income Taxes	$ 3,611,436	$ 3,611,436		$ 3,640,703	$ 3,640,703	
41	Synchronized Interest (L47)	$ 481,273	$ 481,273		$ 481,273	$ 481,273	
42	Arizona Taxable Income (L39 - L40 - L41)	$ (639,737)	$ (639,737)		$ 1,636,853	$ 1,636,853	
43	Arizona State Effective Income Tax Rate	4.9000%	4.9000%		4.9000%	4.9000%	
44	Arizona Income Tax (L42 x L43)	$ (31,347)	$ (31,347)		$ 80,206	$ 80,206	
45	Federal Taxable Income (L42- L44)	$ (608,390)	$ (608,390)		$ 1,556,647	$ 1,556,647	
46							
47	Federal Taxes at 21%	$ (127,762)	$ (127,762)		$ 326,896	$ 326,896	
48							
49							
50							
51							
52							
53	Total Federal Income Tax	$ (127,762)	$ (127,762)		$ 326,896	$ 326,896	
54	Combined Federal and State Income Tax (L35 + L42)	$ (159,109)	$ (159,109)		$ 407,102	$ 407,102	
55	<u>COMBINED</u> Applicable Federal Income Tax Rate [Col. [D], L53 - Col. [A], L53 / [Col. [D], L45 - Col. [A], L45]				21.0000%		
56	<u>WATER</u> Applicable Federal Income Tax Rate [Col. [F], L53 - Col. [C], L53] / [Col. [F], L45 - Col. [C], L45]					21.0000%	
57	<u>WASTEWATER</u> Applicable Federal Income Tax Rate [Col. [E], L53 - Col. [B], L53] / [Col. [E], L45 - Col. [B], L45]						0.0000%

	Calculation of Interest Synchronization:	Water	
58	Rate Base	$ 18,977,646	
59	Weighted Average Cost of Debt	2.5360%	
60	Synchronized Interest (L45 X L46)	$ 481,273	

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Rate Case Expense Surcharge Computation

Exhibit
Rate Case Expense
Page 1
Witness: Barbee

Line No.	Description	SaddleBrooke	Mountain Pass	Consolidated
1	Estimate of Total Rate Case Expense	$46,103	$28,898	$ 75,000
2	Amortization Period (Years)	3	3	3
3	Annual Amount	$ 15,368	$ 9,633	$ 25,000
4	Number of Customers	5,344	1,878	7,222
5	Annual Surcharge per Customer	$ 2.88	$ 5.13	$ 3.46
6	Monthly Surcharge per Customer	$ 0.24	$ 0.43	$ 0.29

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Summary of Cost of Capital

Exhibit
Schedule D-1
Page 1
Witness: Bourassa

		Adjusted End of Test Year				Projected Capital Structure			
Line No.	Item of Capital	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost
1	Long-Term Debt	-	0.00%	0.00%	0.00%	-	40.00%	6.34%	2.54%
2									
3	Stockholder's Equity	17,974,391	100.00%	10.00%	10.00%	17,974,391	60.00%	10.80%	6.48%
4									
5	Totals	17,974,391	100.00%		10.00%	17,974,391	100.00%		9.02%
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22	SUPPORTING SCHEDULES:					RECAP SCHEDULES:			
23	D-1					A-3			
24	D-2								
25	D-3								
26	D-4								
27	E-1								
28	Testimony								

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Cost of Long Term Debt

Exhibit
Schedule D-2
Page 1
Witness: Bourassa

		End of Test Year				End of Projected Year			
Line No.	Description of Debt	Amount Outstanding	Annual Interest	Interest Rate	Weighted Cost	Amount Outstanding	Annual Interest	Interest Rate	Weighted Cost
1									
2		$ -	-	0.00%	0.000%	$ -	-	6.34%	2.536%
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13	Totals	$ -	-		0.000%	$ -	-		2.536%
14									
15									
16	Supporting Schedules:								
17	E-1								
18	E-2								
19	Testimony								
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Cost of Preferred Stock

Exhibit
Schedule D-3
Page 1
Witness: Bourassa

	End of Test Year			End of Projected Year		
Description of Issue	Shares Outstanding	Amount	Dividend Requirement	Shares Outstanding	Amount	Dividend Requirement

NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING

SUPPORTING SCHEDULES:	RECAP SCHEDULES:
E-1	D-1

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Cost of Common Equity

Exhibit
Schedule D-4
Page 1
Witness: Bourassa

Line No.			
1			
2	The Company is proposing a cost of common equity of	10.80%	
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17	SUPPORTING SCHEDULES:		RECAP SCHEDULES:
18	E-1		D-1
19	See Cost of Capital Testimony		
20			

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Comparative Balance Sheets

Exhibit
Schedule E-1
Page 1
Witness: Barbee

Line No.		Test Year Ended 9/30/2025			Year Ended 9/30/2024			Year Ended 9/30/2023		
		SaddleBrooke	Mountain Pass	Consolidated	SaddleBrooke	Mountain Pass	Consolidated	SaddleBrooke	Mountain Pass	Consolidated
1	**ASSETS**									
2	Plant In Service	$ 21,488,875	$ 12,453,144	$ 33,942,019	$ 21,326,863	$ 12,393,160	$ 33,720,024	$ 20,584,695	$ 11,240,332	$ 31,825,027
3	Non-Utility Plant	-	-	-		-	-		-	-
4	Construction Work in Progress	18,689	391,187	409,876	5,773	308,188	313,961	195,817	285,304	481,121
5	Property Held for Future Use	-	-	-		-	-		-	-
6	Less: Accumulated Depreciation	(15,487,186)	(2,398,700)	(17,885,885)	(15,291,151)	(2,238,576)	(17,529,727)	(14,714,681)	(2,044,715)	(16,759,395)
7	Net Plant	$ 6,020,378	$ 10,445,631	$ 16,466,009	$ 6,041,485	$ 10,462,772	$ 16,504,257	$ 6,065,831	$ 9,480,922	$ 15,546,753
8										
9	CURRENT ASSETS									
10	Cash and Equivalents	$ 268,922	$ 134,679	$ 403,602	$ 653,661	$ 447,612	$ 1,101,273	$ 233,478	$ 246,143	$ 479,621
11	Restricted Cash	-	-	-		-	-		-	-
12	Accounts Receivable, Net	195,368	95,027	290,395	194,445	86,208	280,652	192,725	83,977	276,702
13	Inter-Company Receivable	(38,902)	(10,147)	(49,049)	1,740,148	500,256	2,240,403	1,777,362	877,055	2,654,417
14	Other Receivables	-	-	-	-	-	-		-	-
15	Notes Receivable	-	-	-		-	-		-	-
16	Materials and Supplies Inventory	-	-	-		-	-		-	-
17	Prepayments	3,088	(581)	2,506	24,842	4,440	29,282	23,156	3,202	26,359
18	Deposits	-	-	-	-	-	-		-	-
19	Other Current Assets	2,216	-	2,216	3,878	-	3,878	5,540	-	5,540
20	Total Current Assets	$ 430,692	$ 218,978	$ 649,670	$ 2,616,973	$ 1,038,516	$ 3,655,489	$ 2,232,261	$ 1,210,377	$ 3,442,638
21										
22	OTHER ASSETS									
23	Deferred Regulatory Assets	$ 2,111	$ -	$ 2,111	$ 33,142	$ -	$ 33,142	$ 70,206	$ -	$ 70,206
24	Deferred Regulatory Assets - Tax	-	-	$ -	-	$ -	-	$ -	$ -	-
25	Deferred Debits	$ 2,111	$ -	$ 2,111	$ 33,142	$ -	$ 33,142	$ 70,206	$ -	$ 70,206
26										
27	TOTAL ASSETS	$ 6,453,181	$ 10,664,609	$ 17,117,790	$ 8,691,601	$ 11,501,287	$ 20,192,888	$ 8,368,299	$ 10,691,299	$ 19,059,597
28										
29										
30	**LIABILITIES AND STOCKHOLDER EQUITY**									
31										
32	Stockholder's Equity	$ 7,151,990	$ 10,822,401	$ 17,974,391	$ 6,111,409	$ 10,340,145	$ 16,451,554	$ 5,747,621	$ 10,048,347	$ 15,795,968
33										
34	Long-Term Debt	$ -	$ -	$ -	$ 2,042,857	$ -	$ 2,042,857	$ 2,514,286	$ -	$ 2,514,286
35										
36	CURRENT LIABILITIES									
37	Accounts Payable	$ 35,678	$ 13,456	$ 49,134	$ 34,110	$ 31,187	$ 65,297	$ 38,033	$ 12,148	$ 50,181
38	Current Portion of Long-Term Debt	-	-	-		-	-		-	-
39	Payables to Associated Companies	(832,880)	(204,519)	(1,037,399)	441,072	1,098,006	1,539,078	32	598,281	598,313
40	Security Deposits	-	-	-		-	-		-	-
41	Customer Meter Deposits, Current	-	-	-		-	-		-	-
42	Current Portion of AIAC	-	-	-		-	-		-	-
43	Accrued Taxes	68,131	28,240	96,371	25,602	27,156	52,757	27,778	28,356	56,134
44	Accrued Interest	-	-	-	1,507	-	1,507	1,921	-	1,921
45	Other Current Liabilities	9,358	-	9,358	19,859	-	19,859	22,639	-	22,639
46	Total Current Liabilities	$ (719,714)	$ (162,822)	$ (882,536)	$ 522,150	$ 1,156,349	$ 1,678,498	$ 90,403	$ 638,785	$ 729,188
47										
48	DEFERRED CREDITS									
49	Customer Meter Deposits, less current	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
50	Advances in Aid of Construction - Tax Gross-up	-	-	-	-	-	-	-	-	-
51	Advances in Aid of Construction	-	-	-	-	-	-	-	-	-
52	AIAC in-progress	-	-	-	-	-	-	-	-	-
53	Accumulated Deferred Investment Tax Credits	-	-	-	-	-	-	-	-	-
54	Accumulated Deferred Income Taxes	-	-	-	-	-	-	-	-	-
55	Deferred Regulatory Liabilities - Tax (EADIT)	-	-	-	-	-	-	-	-	-
56	Deferred Regulatory Liabilities - Tax Gross-up	-	-	-	-	-	-	-	-	-
57	Contributions In Aid of Construction	-	-	-	-	-	-	-	-	-
58	Accumulated Amortization	-	-	-	-	-	-	-	-	-
59	CIAC in-progress	-	-	-	-	-	-	-	-	-
60	Other Deferred Credits	20,904	5,030	25,934	15,185	4,794	19,979	15,989	4,166	20,155
61	Total Deferred Credits	$ 20,904	$ 5,030	$ 25,934	$ 15,185	$ 4,794	$ 19,979	$ 15,989	$ 4,166	$ 20,155
62										
63	Total Liabilities & Common Equity	$ 6,453,181	$ 10,664,609	$ 17,117,790	$ 8,691,601	$ 11,501,287	$ 20,192,888	$ 8,368,299	$ 10,691,299	$ 19,059,597
64		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
65										
66										
67	SUPPORTING SCHEDULES:									
68	Work papers									

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Comparative Income Statements

Exhibit
Schedule E-2
Page 1
Witness: Barbee

Line		Test Year Ended 9/30/2025			Year Ended 9/30/2024			Year Ended 9/30/2023		
No.		SaddleBrooke	Mountain Pass	Consolidated	SaddleBrooke	Mountain Pass	Consolidated	SaddleBrooke	Mountain Pass	Consolidated
1	**Revenues**									
2	Flat Rate Revenues	$ 2,230,712	$ 1,082,078	$ 3,312,790	$ 2,221,899	$ 1,035,338	$ 3,257,237	$ 2,216,885	$ 988,241	$ 3,205,126
3	Measured Revenues	71,776	40,208	111,984	61,547	37,278	98,824	56,292	33,632	89,924
4	Other Revenues	36,778	7,734	44,512	38,705	6,718	45,423	44,981	8,062	53,042
5										
6	**Total Revenues**	$ 2,339,266	$ 1,130,020	$ 3,469,286	$ 2,322,151	$ 1,079,334	$ 3,401,485	$ 2,318,158	$ 1,029,935	$ 3,348,093
7	**Operating Expenses**									
8	Salaries and Wages	$ 205,644	$ 101,622	$ 307,265	$ 240,453	$ 87,879	$ 328,332	$ 230,556	$ 72,946	$ 303,503
9	Salaries and Wages	2,750	188	2,939	25,138	1,721	26,859	25,071	1,716	26,787
10	Employee Benefits	69,603	57,415	127,018	29,328	10,315	39,643	30,552	12,220	42,772
11	Sludge Removal Expense	95,633	56,604	152,237	78,365	140,381	218,746	91,859	166,596	258,455
12	Purchased Power	221,582	79,573	301,156	224,091	84,814	308,905	226,996	91,854	318,850
13	Fuel for Power Production	-	-	-		-	-		-	-
14	Chemicals	17,669	-	17,669	9,892	-	9,892	15,718	-	15,718
15	Materials and Supplies	69,650	36,289	105,939	60,249	43,287	103,537	23,799	919	24,718
16	Office Expenses	65,497	19,260	84,757	58,714	16,875	75,589	64,314	18,210	82,524
17	Contractual Services - Engineering	838	-	838	7,625	-	7,625	-	-	-
18	Contractual Services - Accounting	17,358	12,421	29,779	11,900	900	12,800	10,000	520	10,520
19	Contractual Services - Legal	-	-	-	113	-	113	452	2,366	2,818
20	Contractual Services - Management Fees	-	-	-	-	-	-	-	-	-
21	Contractual Services - Testing	27,787	11,295	39,082	33,813	11,325	45,138	23,995	13,730	37,725
22	Contractual Services - Other	177,275	111,502	288,777	50,004	3,000	53,004	51,190	3,000	54,190
23	Building Rent	-	-	-	-	-	-	-	-	-
24	Equipment Rent	3,945	-	3,945	3,945	-	3,945	3,945	-	3,945
25	Transportation Expense	7,136	5,176	12,312	4,787	23,845	28,631	1,677	25,022	26,699
26	Insurance - Vehicle	4,907	6,353	11,260	7,753	3,132	10,885	4,225	4,412	8,637
27	Insurance - General Liability	72,977	46,374	119,351	40,099	11,168	51,267	37,621	10,960	48,581
28	Insurance - Workman's Compensation	-	-	-	-	-	-	-	-	-
29	Insurance - Other	-	-	-	-	-	-	-	-	-
30	Advertising Expenses	-	-	-	-	-	-	-	-	-
31	Regulatory Commission Expenses - Rate C	-	-	-	-	-	-	-	-	-
32	Regulatory Commission Expenses - Other	5,363	2,523	7,886	-	-	-	-	-	-
33	Depreciation and Amortization	203,697	165,123	368,820	697,366	241,770	939,136	864,004	222,400	1,086,404
34	Bad Debt Expense	1,004	471	1,475	849	439	1,288	1,543	184	1,726
35	Property Taxes	77,230	32,891	110,121	87,604	35,860	123,464	98,320	34,872	133,192
36	Taxes Other than Income	53,261	22,659	75,920	43,333	22,272	65,605	31,986	19,470	51,455
37	Miscellaneous Expense	19,005	5,898	24,903	15,034	3,713	18,747	14,203	2,957	17,160
38	Income Taxes	66079.64	47072.36	113,152	-	-	-	-	-	-
39										
40	**Total Operating Expenses**	$ 1,485,890	$ 820,710	$ 2,306,600	$ 1,730,454	$ 742,696	$ 2,473,150	$ 1,852,025	$ 704,353	$ 2,556,379
41	**Operating Income**	$ 853,376	$ 309,310	$ 1,162,686	$ 591,697	$ 336,638	$ 928,335	$ 466,132	$ 325,581	$ 791,714
42	**Other Income (Expense)**									
43	Interest and Dividend Income	21,933	(3,600)	18,334	128,243	41,921	170,164	105,596	52,699	158,295
44	Miscellaneous Non-Utility Income	117,922	1,540	119,461	5,496	1,243	6,738	5,186	970	6,156
45	Miscellaneous Non-Utility Expenses	-	-	-	-	-	-	(17)	(5)	(22)
46	Interest Expense	(6,221)	-	(6,221)	(106,668)	-	(106,668)	(129,019)	(1,270)	(130,289)
47										
48	**Total Other Income (Expense)**	$ 133,634	$ (2,060)	$ 131,574	$ 27,071	$ 43,164	$ 70,234	$ (18,254)	$ 52,394	$ 34,140
49	**Net Profit (Loss)**	$ 987,010	$ 307,250	$ 1,294,260	$ 618,768	$ 379,801	$ 998,569	$ 447,879	$ 377,976	$ 825,854
50										
51										
52										
53	SUPPORTING SCHEDULES:					RECAP SCHEDULES:				
54	Work papers					A-2				

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Comparative Statements of Cash Flows

Exhibit
Schedule E-3
Page 1
Witness: Barbee

Line		Test	Prior	Prior
No.		Year	Year	Year
1		Ended	Ended	Ended
2		12/31/2024	12/31/2023	12/31/2022
3	Cash Flows from Operating Activities			
4	Net Income	$ 1,294,260	998,569	$ 825,855
5	Adjustments to reconcile net income to net cash			
6	provided by operating activities:			
7	Depreciation and Amortization	356,158	770,332	1,006,814
8	Depreciation and Amortization Adjustments			
9	Changes in Certain Assets and Liabilities:			
10	Accounts Receivable	(9,743)	(3,950)	(4,835)
11	Other Receivables	-	-	-
12	Materials and Supplies Inventory	-	-	-
13	Prepaid Expenses	26,777	(2,924)	8,751
14	Deferred Regulatory Assets/Liabilities	36,987	36,888	33,541
15	Deferred Income Taxes	-	-	-
16	Receivables/Payables to Associated Co.	(287,025)	1,354,780	80,235
17	Accounts Payable	(16,163)	15,115	(71,304)
18	Interest Payable	(1,507)	(415)	793
19	Customer Meter and Security Deposits	-	-	-
20	Taxes Payable	43,614	(3,376)	(49,390)
21	Other assets and liabilities	(8,839)	(1,118)	5,916
22	Rounding			
23	Net Cash Flow provided by Operating Activities	$ 1,434,519	$ 3,163,901	$ 1,836,376
24	Cash Flow From Investing Activities:			
25	Capital Expenditures	(317,910)	(1,727,836)	(964,457)
26	Plant Held for Future Use	-	-	-
27	Changes in Special Funds			
28	Net Cash Flows from Investing Activities	$ (317,910)	$ (1,727,836)	$ (964,457)
29	Cash Flow From Financing Activities			
30	Change in Restricted Cash	-	-	-
31	Proceeds from Long-Term Debt	(2,042,857)	(471,429)	(471,429)
32	Net receipt of contributions in aid of construction	-	-	-
33	Net receipts of advances in aid of construction	-	-	-
34	Repayments of Long-Term Debt	-	-	-
35	Distributions	-	-	-
36	Deferred Financing Costs	-	-	-
37	Paid in Capital	228,578	(342,984)	(339,429)
38	Net Cash Flows Provided by Financing Activities	$ (1,814,279)	$ (814,413)	$ (810,858)
39	Increase / (Decrease) in Cash and Cash Equivalents	(697,670)	621,652	61,061
40	Cash and Cash Equivalents at Beginning of Year	1,101,274	479,622	418,561
41	Cash and Cash Equivalents at End of Year	$ 403,604	$ 1,101,274	$ 479,622
42				
43				
44	SUPPORTING SCHEDULES:		RECAP SCHEDULES:	
45	Work papers		A-5	
46	E1			
47	E-2			

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Statement of Changes in Stockholder's Equity

Exhibit
Schedule E-4
Page 1
Witness: Barbee

Line No.		Stockholder's Equity	Retained Earnings	Total
1				
2				
3				
4	Balance, September 30, 2022	$ 12,765,634	$ 2,543,910	$ 15,309,544
5	Addnl Paid In Capital Adjustment	-		-
6	Distributions	-		-
7	Net Income	(69,424)	555,850	486,426
8				
9	Balance, September 30, 2023	$ 12,696,210	$ 3,099,760	$ 15,795,970
10	Addnl Paid In Capital Adjustment	-		-
11	Distributions	-		-
12	Net Income	172,715	482,871	655,586
13				
14	Balance, September 30, 2024	$ 12,868,925	$ 3,582,631	$ 16,451,556
15	Addnl Paid In Capital Adjustment	175,006		175,006
16	Distributions	-		-
17	Net Income	295,691	1,052,137	1,347,828
18				
19	Balance, September 30, 2025	$ 13,339,622	$ 4,634,768	$ 17,974,390
20				
21				
22				
23				
24				
25				
26	SUPPORTING SCHEDULES:		RECAP SCHEDULES:	
27			E-1	
28				
29				
30				

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Detail of Plant in Service

Exhibit
Schedule E-5
Page 1
Witness: Barbee

Line No.	Acct. No.	Plant Description	Plant Balance at 9/30/2024 SaddleBrooke	Plant Balance at 9/30/2024 Mountain Pass	Plant Balance at 9/30/2024 Consolidated	Plant Additions, Reclass-ifications or or Retirements	Plant Balance at 12/31/2024
1							
2	106	Plant Not Classified	$ -	$ -	$ -	$ -	$ -
3	351	Organization	21,369	4,617	25,986	-	25,986
4	352	Franchise	-	-	-	-	-
5	353	Land	125,000	-	125,000	-	125,000
6	354	Structures & Improvements	146,980	79,706	226,686	11,185	237,871
7	355	Power Generation Equipment	238,084	23,461	261,545	-	261,545
8	360	Collection System - Force	162,827	-	162,827	-	162,827
9	361	Collection System - Gravity	7,261,338	5,154,333	12,415,671	-	12,415,671
10	362	Special Collection Structures	-	-	-	-	-
11	363	Services to Customers	1,759,488	1,937,090	3,696,578	10,430	3,707,008
12	364	Flow Measuring Devices	-	-	-	-	-
13	365	Flow Measuring Installations	-	-	-	-	-
14	366	Reuse Services	-	-	-	-	-
15	367	Reuse Meters and Meter Installations	-	-	-	-	-
16	370	Receiving Wells	641,524	1,029	642,553	-	642,553
17	371	Pumping Equipment	1,649,449	10,895	1,660,344	62,386	1,722,731
18	374	Reuse Distribution Reservoirs	-	-	-	-	-
19	375	Reuse Transmission and Distribution System	975,996	-	975,996	(60)	975,936
20	380	Treatment and Disposal Equipment	7,091,442	5,117,576	12,209,018	88,583	12,297,601
21	381	Plant Sewers	-	-	-	-	-
22	382	Outfall Sewer Lines	29,192	-	29,192	-	29,192
23	389	Other Plant and Miscellaneous Equipment	643,459	756	644,215	(3,857)	640,358
24	390	Office Furniture and Equipment	1,297	410	1,707	-	1,707
25	390.1	Computers & Software	126,322	9,461	135,782	-	135,782
26	391	Transportation Equipment	186,504	17,576	204,080	-	204,080
27	392	Stores Equipment	-	-	-	-	-
28	393	Tools, Shop And Garage Equipment	40,160	3,465	43,626	22,873	66,499
29	394	Laboratory Equip	16,530	8,059	24,589	19,663	44,252
30	395	Power Operated Equipment	1,826	511	2,338	2,392	4,730
31	396	Communication Equipment	208,076	9,058	217,135	1,591	218,725
32	397	Miscellaneous Equipment	-	15,156	15,156	6,810	21,966
33	398	Other Tangible Plant	-	-	-	-	-
34							
35		TOTAL WATER PLANT	$ 21,326,863	$ 12,393,160	$ 33,720,024	$ 221,995	$ 33,942,019
36							

37 SUPPORTING SCHEDULES
38 Work papers

RECAP SCHEDULES:
A-4
E-1

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Operating Statistics

Exhibit
Schedule E-7
Page 1
Witness: Barbee

Line No.		Test Year Ended 9/30/2025	Prior Year Ended 9/30/2024	Prior Year Ended 9/30/2023
1	**WASTEWATER STATISTICS:**			
2	Saddlebrooke	142,383	147,332	149,273
3	Mountain Pass	46,216	42,848	38,658
4	**Total Gallons Treated (in Thousands)**	**188,599**	**190,180**	**187,931**
5	Saddlebrooke	$ 2,339,266	$ 2,322,151	$ 2,318,158
6	Mountain Pass	$ 1,130,020	$ 1,079,334	$ 1,029,935
7	**Wastewater Revenues from Customers:**	**$ 3,469,286**	**$ 3,401,485**	**$ 3,348,093**
8	Saddlebrooke	5,344	5,314	5,318
9	Mountain Pass	1,878	1,792	1,737
10	**Year End Number of Customers**	**7,222**	**7,106**	**7,055**
11				
12				
13				
14	**Annual Gallons (in Thousands)**			
15	Sold Per Year End Customer	26	27	27
16				
17				
18				
19	**Annual Revenue per Year End Customer**	$ 480.38	$ 478.68	$ 474.57
20				
21	**Pumping Cost Per 1,000 Gallons**	$ 0.8072	$ 1.6243	$ 1.6966

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Taxes Charged to Operations

Exhibit
Schedule E-8
Page 1
Witness: Barbee

Line No.		Test Year Ended 9/30/2025	Prior Year Ended 9/30/2024	Prior Year Ended 9/30/2023
1	Description			
2				
3	State Income Taxes	$ -	$ -	$ -
4	Federal Income Taxes	113,152	-	-
5	Payroll Taxes	22,044	25,241	23,472
6	Property Taxes	110,121	123,464	133,192
7				
8	Totals	$ 245,317	$ 148,705	$ 156,664

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Notes To Financial Statements

Exhibit
Schedule E-9
Page 1
Witness: Barbee

The Company does not conduct independent audits, reviews and/or compilations. Accordingly, there are no notes which are typically associated with these financial statements. Management makes the following notations to the financial statements contained herein:

Significant Accounting Policies - The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States of America and the accounting records of the are are maintained in accordance with the uniform system of accounts as prescribed by the National Association of Regulatory Utility Commissioners (USOA 1996). Significant accounting policies are as follows:

Utility Plant - Property, plant and equipment is stated at cost less accumulated depreciation provided on a straight-line basis.

Depreciation rates for asset classes of utility property, plant and equipment are established by the Commission. The cost of additions, including betterments and replacements of units of utility fixed assets are charged to utility property, plant and equipment. When units of utility property are replaced, renewed or retired, their cost plus removal or disposal costs, less salvage proceeds, is charged to accumulated depreciation.

Revenue Recognition - Revenues are recognized on the accrual method. Under this method, revenue is recognized when earned rather than when collected, and expenses are recognized when incurred rather than when paid.

Contributions in Aid of Construction - Contributions in aid of construction (CIAC) are nonrefundable contributions by developers and customers for plant expansion. In addition, this amount includes the remaining balance, if any, of advances in aid of construction at the end of the repayment period. The contributions in aid of construction are being amortized at a rate equal to the rate allowed for depreciation, as a reduction of depreciation expense

Advances in Aid of Construction - Customer advances for construction are subject to refund in accordance with agreements approved by the Arizona Corporation Commission. Agreements provide for refunds which are typically equal to 10 percent of annual water revenue generated from the expansion. The repayments are for a maximum agreed upon period or until repaid in full. Any balance remaining at the end of the agreed-upon period for repaymen becomes a contribution in aid of construction.

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Projected Income Statements - Present & Proposed Rates

Exhibit
Schedule F-1
Page 1
Witness: Barbee

Line No.		Test Year Actual Results	At Present Rates Year Ended 9/30/2026	At Proposed Rates Year Ended 9/30/2026
1	**Revenues**			
2	Flat Rate Revenues	$ 3,312,790	$ 3,292,190	$ 5,562,155
3	Measured Revenues	111,984	111,984	147,877
4	Other Revenues	44,512	48,797	48,797
5		$ 3,469,286	$ 3,452,972	$ 5,758,829
6	**Operating Expenses**			
7	Salaries and Wages	$ 307,265	$ 307,265	$ 307,265
8	Salaries and Wages	2,939	-	-
9	Employee Benefits	127,018	127,018	127,018
10	Sludge Removal Expense	152,237	153,102	153,102
11	Purchased Power	301,156	300,649	300,649
12	Fuel for Power Production	-	2,150	2,150
13	Chemicals	17,669	17,769	17,769
14	Materials and Supplies	105,939	105,561	105,561
15	Office Expenses	84,757	79,261	79,261
16	Contractual Services - Engineering	838	838	838
17	Contractual Services - Accounting	29,779	70,788	70,788
18	Contractual Services - Legal	-	120,179	120,179
19	Contractual Services - Management Fees	-	703,354	703,354
20	Contractual Services - Testing	39,082	39,082	39,082
21	Contractual Services - Other	288,777	114,642	114,642
22	Building Rent	-	-	-
23	Equipment Rent	3,945	3,945	3,945
24	Transportation Expense	12,312	12,312	12,312
25	Insurance - Vehicle	11,260	11,260	11,260
26	Insurance - General Liability	119,351	119,351	119,351
27	Insurance - Workman's Compensation	-	-	-
28	Insurance - Other	-	-	-
29	Advertising Expenses	-	-	-
30	Regulatory Commission Expenses - Rate Case	-	-	-
31	Regulatory Commission Expenses - Other	7,886	7,886	7,886
32	Depreciation and Amortization	368,820	1,086,573	1,086,573
33	Bad Debt Expense	1,475	1,519	2,533
34	Property Taxes	110,121	126,109	154,362
	Taxes Other than Income	75,920	75,920	75,920
	Miscellaneous Expense	24,903	24,903	24,903
	Income Taxes	113,152	(159,109)	407,102
35	**Total Operating Expenses**	$ 2,306,600	$ 3,452,327	$ 4,047,805
36	**Operating Income**	$ 1,162,686	$ 645	$ 1,711,025
37	**Other Income (Expense)**			
38	Interest and Dividend Income	18,334	18,334	18,334
39	AFUDC Income	119,461	119,461	119,461
40	Miscellaneous Non-Utility Expenses	-	-	-
41	Interest Expense	(6,221)	(481,273)	(481,273)
42				
43	**Total Other Income (Expense)**	$ 131,574	$ (343,478)	$ (343,478)
44	**Net Profit (Loss)**	$ 1,294,260	$ (342,833)	$ 1,367,546
45				
46				
47	SUPPORTING SCHEDULES:			
48	C-1			

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Projected Statements of Changes in Financial Position
Present and Proposed Rates

Exhibit
Schedule F-2
Page 1
Witness: Barbee

Line No.		Test Year Ended 9/30/2025	At Present Rates Year Ended 9/30/2026	At Proposed Rates Year Ended 9/30/2026
1				
2				
3				
4				
5	Cash Flows from Operating Activities			
6	Net Income	$ 1,294,260	$ (342,833)	$ 1,367,546
7	Adjustments to reconcile net income to net cash			
8	provided by operating activities:			
9	Depreciation and Amortization	356,158	-	-
10	Depreciation Adjustments	-		
11	Changes in Certain Assets and Liabilities:			
12	Accounts Receivable	(9,743)		
13	Other Receivables	-		
14	Materials and Supplies Inventory	-		
15	Prepaid Expenses	26,777		
16	Deferred Regulatory Assets/Liabilities	36,987		
17	Deferred Income Taxes	-		
18	Receivables/Payables to Associated Co.	(287,025)		
19	Accounts Payable	(16,163)		
20	Interest Payable	(1,507)		
21	Customer Meter and Security Deposits	-		
22	Taxes Payable	43,614		
23	Other assets and liabilities	(8,839)		
24	Rounding	-		
25	Net Cash Flow provided by Operating Activities	$ 1,434,519	$ (342,833)	$ 1,367,546
26	Cash Flow From Investing Activities:			
27	Capital Expenditures	(317,910)	(2,901,000)	(2,901,000)
28	Plant Held for Future Use	-		
29	Changes in debt reserve fund	-		
30	Net Cash Flows from Investing Activities	$ (317,910)	$ (2,901,000)	$ (2,901,000)
31	Cash Flow From Financing Activities			
32	Change in Restricted Cash	-		
33	Change in net amounts due to parent and affiliates	(2,042,857)		
34	Net Receipt contributions in aid of construction	-		
35	Net receipts of advances in aid of construction	-		
36	Long-Term Debt	-	-	-
37	Dividends Paid	-	-	-
38	Deferred Financing Costs	-		
39	Paid in Capital	228,578		
40	Net Cash Flows Provided by Financing Activities	$ (1,814,279)	$ -	$ -
41	Increase / (Decrease) in Cash and Cash Equivalents	(697,670)	(3,243,833)	(1,533,454)
42	Cash and Cash Equivalents at Beginning of Year	1,101,274	403,604	403,604
43	Cash and Cash Equivalents at End of Year	$ 403,604	$ (2,840,229)	$ (1,129,850)
44				
45				
46				
47	SUPPORTING SCHEDULES:			
48	E-3			
49				
50				
51				
52				

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Projected Construction Requirements

Exhibit
Schedule F-3
Page 1
Witness: Barbee

Line No.	Account Number	Plant Asset:	Test Year	2026	2027
1	106	Plant Not Classified	-	-	-
2	351	Organization	-	-	-
3	352	Franchise	-	-	-
4	353	Land	-	-	-
5	354	Structures & Improvements	11,185	140,000	-
6	355	Power Generation Equipment	-	1,100,000	-
7	360	Collection System - Force	-	100,000	-
8	361	Collection System - Gravity	-	297,040	297,040
9	362	Special Collection Structures	-	-	-
10	363	Services to Customers	10,430	94,960	94,960
11	364	Flow Measuring Devices	-	-	-
12	365	Flow Measuring Installations	-	-	-
13	366	Reuse Services	-	-	-
14	367	Reuse Meters and Meter Installations	-	-	-
15	370	Receiving Wells	-	15,840	15,840
16	371	Pumping Equipment	62,386	36,960	36,960
17	374	Reuse Distribution Reservoirs	-	-	-
18	375	Reuse Transmission and Distribution System	(60)	26,400	26,400
19	380	Treatment and Disposal Equipment	88,583	973,960	7,488,960
20	381	Plant Sewers	-	-	-
21	382	Outfall Sewer Lines	-	-	-
22	389	Other Plant and Miscellaneous Equipment	(3,857)	15,840	15,840
23	390	Office Furniture and Equipment	-	-	-
24	390.1	Computers & Software	-	-	-
25	391	Transportation Equipment	-	-	-
26	392	Stores Equipment	-	-	-
27	393	Tools, Shop And Garage Equipment	22,873	-	-
28	394	Laboratory Equip	19,663	-	-
29	395	Power Operated Equipment	2,392	100,000	-
30	396	Communication Equipment	1,591	-	-
31	397	Miscellaneous Equipment	6,810	-	-
32	398	Other Tangible Plant	-	-	-
33					
34	Total		$ 221,995	$ 2,901,000	$ 7,976,000

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Assumptions Used in Rate Filing

Exhibit
Schedule F-4
Page 1
Witness: Barbee

Property Taxes were computed using the method used by the Arizona Department of Revenue modified for ratemaking.

Projected construction expenditures are shown on Schedule A-4.

Expense adjustments are shown on Schedule C2, and are explained in the testimony.

Income taxes were computed using statutory state and federal income tax rates.

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Schedule H-1
Page 1
Witness Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8x3/4 Inch	SBU Residential	$ 2,173,191	$ 4,020,403	$ 1,847,212	85.00%	62.94%	69.81%
2	3/4 Inch	SBU Residential	7,969	14,742	6,773	85.00%	0.23%	0.26%
3	3/4 Inch	MPU Residential	1,065,622	1,398,994	333,372	31.28%	30.86%	24.29%
4	1 Inch	SBU Residential	1,678	7,759	6,081	362.50%	0.05%	0.13%
5		Subtotal	3,248,459	5,441,898	2,193,439	67.52%	94.08%	94.50%
6								
7	5/8x3/4 Inch	SBU Commercial	$ 8,458	$ 15,647	$ 7,189	85.00%	0.24%	0.27%
8	3/4 Inch	SBU Commercial	1,258	2,328	1,069	85.00%	0.04%	0.04%
9	3/4 Inch	MPU Commercial	2,364	3,104	740	31.28%	0.07%	0.05%
10	1 Inch	SBU Commercial	5,033	23,277	18,244	362.50%	0.15%	0.40%
11	1.5 Inch	SBU Commercial	839	7,759	6,920	825.00%	0.02%	0.13%
12	2 Inch	SBU Commercial	1,678	24,828	23,151	1380.00%	0.05%	0.43%
13	3 Inch	SBU Commercial	419	12,414	11,995	2860.00%	0.01%	0.22%
14		Subtotal	$ 20,049	$ 89,357	$ 69,308	345.70%	0.58%	1.55%
15								
16	SBU Effluent		71,786	107,679	35,893	50.00%	2.08%	1.87%
17	MPU Effluent		40,208	40,208	-	0.00%	1.16%	0.70%
18								
19	Total Revenues Before Annualization		$ 3,380,502	$ 5,679,142	$ 2,298,640	68.00%	96.74%	97.92%

Exhibit
Schedule H-1
Page 2
Bourassa

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Line No.									
1				Revenue Annualization				Additional	
2								Gallons to	
3	Meter		Present	Proposed	Dollar	Percent	Additional	be Treated	
4	Size	Class	Revenues	Revenues	Change	Change	Bills	(In 1,000's)	Schedule
5	5/8x3/4 Inch	SBU Residential	$ 559	$ 1,035	475	85.00%	16	36	See Work Papers
6	3/4 Inch	SBU Residential	-	-	-	0.00%	-	-	See Work Papers
7	3/4 Inch	MPU Residential	22,409	29,419	7,010	31.28%	455	1,024	See Work Papers
8	1 Inch	SBU Residential	-	-	-	0.00%	-	-	See Work Papers
9		Subtotal	$ 22,968	$ 30,454	7,486	32.59%	471	1,060	
10									
11	5/8x3/4 Inch	SBU Commercial	$ 350	$ 647	297	85.00%	10	12	See Work Papers
12	3/4 Inch	SBU Commercial	-	-	-	0.00%	-	-	See Work Papers
13	3/4 Inch	MPU Commercial	-	-	-	0.00%	-	-	See Work Papers
14	1 Inch	SBU Commercial	-	-	-	0.00%	-	-	See Work Papers
15	1.5 Inch	SBU Commercial	-	-	-	0.00%	-	-	See Work Papers
16	2 Inch	SBU Commercial	-	-	-	0.00%	-	-	See Work Papers
17	3 Inch	SBU Commercial	-	-	-	0.00%	-	-	See Work Papers
18		Subtotal	$ 350	$ 647	297	85.00%	10	12	
19									
20									
21	Total Revenue Annualization		$ 23,317	$ 31,100	$ 7,783	33.38%	481	1,072	

JW Wastewater Utility Company

Test Year Ended September 30, 2025
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Line No.		Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues	Schedule
1								
2								
3	Subtotal Metered Revenues	$ 3,380,502	$ 5,679,142	$ 2,298,640	68.00%	97.90%	98.62%	
4	Subtotal Revenue Annualization	23,317	31,100	$ 7,783	33.38%	0.68%	0.54%	
5								
6	Total Metered Revenues	$ 3,403,820	$ 5,710,242	$ 2,306,423	67.76%	98.58%	99.16%	
7								
8	Misc. Revenues	$ 48,797	$ 48,797	-	0.00%	1.41%	0.85%	
9								
10	Reconciling Amount to GL	355	(210)	(565)	-159.15%	0.01%	0.00%	
11	Total Water Revenues	$ 3,452,972	$ 5,758,829	$ 2,305,858	66.78%	100.00%	100.00%	
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								
32	Supporting Schedules							
33	C-1							
34	Work Papers							
35								
36								
37								
38								
39								
40								
41								
42								
43								

Exhibit
Schedule H-2
Page 1
Witness Bourassa

JW Wastewater Utility Company

Test Year Ended September 30, 2025
Customer Bill Summary
At Average Usage

			(a) Average Number of Customers		Average Bill		Proposed Increase	
Line No.		Meter Size, Class	at 9/30/2025	Average Consumption	Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8x3/4 Inch	SBU Residential	5,182	-	$ 34.95	$ 64.66	$ 29.71	85.00%
2	3/4 Inch	SBU Residential	19	-	34.95	64.66	29.71	85.00%
3	3/4 Inch	MPU Residential	1,803	-	49.25	64.66	15.41	31.28%
4	1 Inch	SBU Residential	4	-	34.95	161.64	126.69	362.50%
5		Subtotal	7,008					
6								
7								
8	5/8x3/4 Inch	SBU Commercial	20	-	$ 34.95	$ 64.66	$ 29.71	85.00%
9	3/4 Inch	SBU Commercial	3	-	34.95	64.66	29.71	85.00%
10	3/4 Inch	MPU Commercial	4	-	49.25	64.66	15.41	31.28%
11	1 Inch	SBU Commercial	12	-	34.95	161.64	126.69	362.50%
12	1.5 Inch	SBU Commercial	2	-	34.95	323.29	288.34	825.00%
13	2 Inch	SBU Commercial	4	-	34.95	517.26	482.31	1380.00%
14	3 Inch	SBU Commercial	1	-	34.95	1,034.52	999.57	2860.00%
15		Subtotal	46					
16								
17	SBU Effluent		1	10,314,083	5,982.17	8,973.25	2,991.08	50.00%
18	MPU Effluent		1	3,851,333	3,350.66	3,350.66	-	0.00%
19								
20		Total	7,056					
21								
22	**(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.							

JW Wastewater Utility Company

Test Year Ended September 30, 2025
Customer Bill Summary
At Average Usage with Rate Case Surcharge

			(a) Average Number of Customers at			Average Bill			Proposed Increase	
Line No.		Meter Size, Class	9/30/2025	Average Consumption	Present Rates	Proposed Rates	RC Surcharge	Total Proposed Rates	Dollar Amount	Percent Amount
1	5/8x3/4 Inch	SBU Residential	5,182	-	$ 34.95	$ 64.66	$ 0.34	$ 65.00	$ 30.05	85.97%
2	3/4 Inch	SBU Residential	19	-	34.95	64.66	0.34	65.00	30.05	85.97%
3	3/4 Inch	MPU Residential	1,803	-	49.25	64.66	0.34	65.00	15.75	31.97%
4	1 Inch	SBU Residential	4	-	34.95	161.64	0.34	161.98	127.03	363.47%
5		Subtotal	7,008							
6										
7										
8	5/8x3/4 Inch	SBU Commercial	20	-	$ 34.95	$ 64.66	$ 0.34	$ 65.00	$ 30.05	85.97%
9	3/4 Inch	SBU Commercial	3	-	34.95	64.66	0.34	65.00	30.05	85.97%
10	3/4 Inch	MPU Commercial	4	-	49.25	64.66	0.34	65.00	15.75	31.97%
11	1 Inch	SBU Commercial	12	-	34.95	161.64	0.34	161.98	127.03	363.47%
12	1.5 Inch	SBU Commercial	2	-	34.95	323.29	0.34	323.63	288.68	825.97%
13	2 Inch	SBU Commercial	4	-	34.95	517.26	0.34	517.60	482.65	1380.97%
14	3 Inch	SBU Commercial	1	-	34.95	1,034.52	0.34	1,034.86	999.91	2860.97%
15		Subtotal	46							
16										
17	SBU Effluent		1	10,314,083	$ 5,982.17	$ 8,973.25	$ 0.34	$ 8,973.59	$ 2,991.42	50.01%
18	MPU Effluent		1	3,851,333	3,350.66	3,350.66	0.34	3,351.00	0.34	0.01%
19										
20		Total	7,055							
21										
22	**(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.									

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Customer Bill Summary
At Median Usage

Exhibit
Schedule H-2
Page 3
Witness Bourassa

Line No.		Meter Size, Class	(a) Average Number of Customers at 9/30/2025	Median Consumption	Median Bill		Proposed Increase	
					Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8x3/4 Inch	SBU Residential	5,182	-	$ 34.95	$ 64.66	$ 29.71	85.00%
2	3/4 Inch	SBU Residential	19	-	34.95	64.66	29.71	85.00%
3	3/4 Inch	MPU Residential	1,803	-	49.25	64.66	15.41	31.28%
4	1 Inch	SBU Residential	4	-	34.95	161.64	126.69	362.50%
5		Subtotal	7,008					
6								
7								
8	5/8x3/4 Inch	SBU Commercial	20	-	$ 34.95	$ 64.66	$ 29.71	85.00%
9	3/4 Inch	SBU Commercial	3	-	34.95	64.66	29.71	85.00%
10	3/4 Inch	MPU Commercial	4	-	49.25	64.66	15.41	31.28%
11	1 Inch	SBU Commercial	12	-	34.95	161.64	126.69	362.50%
12	1.5 Inch	SBU Commercial	2	-	34.95	323.29	288.34	825.00%
13	2 Inch	SBU Commercial	4	-	34.95	517.26	482.31	1380.00%
14	3 Inch	SBU Commercial	1	-	34.95	1,034.52	999.57	2860.00%
15		Subtotal	46					
16								
17	SBU Effluent		1	10,155,500	5,890.19	8,835.29	2,945.10	50.00%
18	MPU Effluent		1	3,848,000	3,347.76	3,347.76	-	0.00%
19								
20		Total	7,055					
21								

22 **(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

JW Wastewater Utility Company

Test Year Ended September 30, 2025
Customer Bill Summary
At Median Usage With Rate Case Surcharge

				Median Bill				Proposed Increase	
Line No.	Meter Size, Class	(a) Average Number of Customers at 9/30/2025	Median Consumption	Present Rates	Proposed Rates	RC Surcharge	Proposed Rates	Dollar Amount	Percent Amount
1	5/8x3/4 Inch SBU Residential	5,182	-	$ 34.95	$ 64.66	$ 0.34	$ 65.00	$ 30.05	85.97%
2	3/4 Inch SBU Residential	19	-	34.95	64.66	0.34	65.00	30.05	85.97%
3	3/4 Inch MPU Residential	1,803	-	49.25	64.66	0.34	65.00	15.75	31.97%
4	1 Inch SBU Residential	4	-	34.95	161.64	0.34	161.98	127.03	363.47%
5	Subtotal	7,008							
6									
7	5/8x3/4 Inch SBU Commercial	20	-	$ 34.95	$ 64.66	$ 0.34	$ 65.00	$ 30.05	85.97%
8	3/4 Inch SBU Commercial	3	-	34.95	64.66	0.34	65.00	30.05	85.97%
9	3/4 Inch MPU Commercial	4	-	49.25	64.66	0.34	65.00	15.75	31.97%
10	1 Inch SBU Commercial	12	-	34.95	161.64	0.34	161.98	127.03	363.47%
11	1.5 Inch SBU Commercial	2	-	34.95	323.29	0.34	323.63	288.68	825.97%
12	2 Inch SBU Commercial	4	-	34.95	517.26	0.34	517.60	482.65	1380.97%
13	3 Inch SBU Commercial	1	-	34.95	1,034.52	0.34	1,034.86	999.91	2860.97%
14	Subtotal	46							
15									
16	SBU Effluent	1	10,155,500	$ 5,890.19	$ 8,835.29	$ 0.34	$ 8,835.63	$ 2,945.44	50.01%
17	MPU Effluent	1	3,848,000	3,347.76	3,347.76	0.34	3,348.10	0.34	0.01%
18									
19	Total	7,055							
20									
21	**(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.								
22									

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Present and Proposed Rates

Exhibit
Schedule H-3
Page 1
Bourassa

Line No.	**Monthly Minimum Charge for:**	**SaddleBrooke Present Rates**	**Mountain Pass Present Rates**	**Proposed Rates**	**Change**	**Percent Change**
1	Class					
2	Residential	$ 34.95			NM	NM
2	Commercial	34.95			NM	NM
3						
4	Meter Size (All Classes)					
5	5/8 Inch			$ 64.66	NM	NM
6	3/4 Inch			64.66	NM	NM
7	1 Inch			161.64	NM	NM
8	1 1/2 Inch			323.29	NM	NM
9	2 Inch			517.26	NM	NM
10	3 Inch			1,034.52	NM	NM
11	4 Inch			1,616.44	NM	NM
12	6 Inch			3,232.88	NM	NM
13	8 Inch			5,172.60	NM	NM
14	10 Inch			7,435.61	NM	NM
15	12 Inch			13,901.36	NM	NM
16						
17						
18	Effluent Rate (per 1,000 gallons)	$ 0.58		$ 0.87	$ 0.29	50.00%
19						
20	NT = No Tariff					

JW Wastewater Utility Company
Present and Proposed Rates
Test Year Ended September 30, 2025

Exhibit
Schedule H-3
Page 2
Witness: Bourassa

Line No.

1 Service Charges

Line No.	Present	Saddlebrooke	Mountain Pass	Proposed	
4	Establishment	$ 30.00	$ 30.00	Establishment	$ 35.00
5	Re-Establishment (within 12 months)	**	**	Re-Establishment	(a)
6	Reconnection (delinquent) per A.A.C. R14-2-403(D)	N/A	$ 30.00	Reconnection (delinquent)	$ 30.00
7	Connection Fee	$ 525.00	NT	Connection Fee	At Cost
8	Disconnect/Reconnect (Delinquent Acct)	$ 500.00	$ 500.00	Disconnection/Reconnection (deliquent account)	(e)
9	NSF Check	$ 15.00	$ 15.00	NSF Check	$ 30.00
10	Deferred Payment (per month)	1.50%	NT	Deferred Payment (per month)	1.50%
11	Late Payment Fee (per month)	1.50%	1.50%	Late Charge	(b)
12	Deposit	*	*	Deposit Requirement	(d)
13	Deposit Interest	*	*	Deposit Interest	6%
14	After hours service charge	$ 50.00	NT	Service - After Hours (C)	$ 50.00

14

15 *Per Commission rule A.A.C. F-14-2-403(B).

16 **Per Commission rule A.A.C R-14-2-403(D) - Months off the system times the monthly minimum.

(a) Minimum charge times number of full months off the system per A.A.C. R-14-2-403(D).

(b) Greater of $5.00 or 1.5% of unpaid balance.

17 (c) Customer shall be charged for after-hours service calls outside of normal working hours for work performed at the customer's request or convenience.

18 (d) Per A.A.C R14-2-403(B): Residential - two times the average bill by class; Non-residential - two and one-half times the customer's estimated maximum monthly bill.

19 (e) The actual cost of disconnection and reconnection,

JW Wastewater Utility Company

Bill Comparison Present and Proposed Rates
Meter Size: 3/4 Inch Residential

Exhibit
Schedule H-4
Page Page 1
Witness Bourassa

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	-	$ 49.25	$ 64.66	$ 15.41	31.28%
2	1,000	49.25	64.66	15.41	31.28%
3	2,000	49.25	64.66	15.41	31.28%
4	3,000	49.25	64.66	15.41	31.28%
5	4,000	49.25	64.66	15.41	31.28%
6	5,000	49.25	64.66	15.41	31.28%
7	6,000	49.25	64.66	15.41	31.28%
8	7,000	49.25	64.66	15.41	31.28%
9	8,000	49.25	64.66	15.41	31.28%
10	9,000	49.25	64.66	15.41	31.28%
11	10,000	49.25	64.66	15.41	31.28%
12	12,000	49.25	64.66	15.41	31.28%
13	14,000	49.25	64.66	15.41	31.28%
14	16,000	49.25	64.66	15.41	31.28%
15	18,000	49.25	64.66	15.41	31.28%
16	20,000	49.25	64.66	15.41	31.28%
17	25,000	49.25	64.66	15.41	31.28%
18	30,000	49.25	64.66	15.41	31.28%
19	35,000	49.25	64.66	15.41	31.28%
20	40,000	49.25	64.66	15.41	31.28%
21	45,000	49.25	64.66	15.41	31.28%
22	50,000	49.25	64.66	15.41	31.28%
23	60,000	49.25	64.66	15.41	31.28%
24	70,000	49.25	64.66	15.41	31.28%
25	80,000	49.25	64.66	15.41	31.28%
26	90,000	49.25	64.66	15.41	31.28%
27	100,000	49.25	64.66	15.41	31.28%
28	Average Usage				
	-	$ 49.25	$ 64.66	$ 15.41	31.28%
29	Median Usage				
	-	$ 49.25	$ 64.66	$ 15.41	31.28%

Present Rates:

Monthly Minimum:	$ 49.25

Proposed Rates:

Monthly Minimum:	$ 64.66

JW Wastewater Utility Company
Bill Comparison Present and Proposed Rates
Meter Size: 3/4 Inch Commercial

Exhibit
Schedule H-4
Page 2
Witness Bourassa

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	-	$ 49.25	$ 64.66	$ 15.41	31.28%
2	1,000	49.25	64.66	15.41	31.28%
3	2,000	49.25	64.66	15.41	31.28%
4	3,000	49.25	64.66	15.41	31.28%
5	4,000	49.25	64.66	15.41	31.28%
6	5,000	49.25	64.66	15.41	31.28%
7	6,000	49.25	64.66	15.41	31.28%
8	7,000	49.25	64.66	15.41	31.28%
9	8,000	49.25	64.66	15.41	31.28%
10	9,000	49.25	64.66	15.41	31.28%
11	10,000	49.25	64.66	15.41	31.28%
12	12,000	49.25	64.66	15.41	31.28%
13	14,000	49.25	64.66	15.41	31.28%
14	16,000	49.25	64.66	15.41	31.28%
15	18,000	49.25	64.66	15.41	31.28%
16	20,000	49.25	64.66	15.41	31.28%
17	25,000	49.25	64.66	15.41	31.28%
18	30,000	49.25	64.66	15.41	31.28%
19	35,000	49.25	64.66	15.41	31.28%
20	40,000	49.25	64.66	15.41	31.28%
21	45,000	49.25	64.66	15.41	31.28%
22	50,000	49.25	64.66	15.41	31.28%
23	60,000	49.25	64.66	15.41	31.28%
24	70,000	49.25	64.66	15.41	31.28%
25	80,000	49.25	64.66	15.41	31.28%
26	90,000	49.25	64.66	15.41	31.28%
27	100,000	49.25	64.66	15.41	31.28%
28	Average Usage				
	-	$ 49.25	$ 64.66	$ 15.41	31.28%
29	Median Usage				
	-	$ 49.25	$ 64.66	$ 15.41	31.28%

Present Rates:

Monthly Minimum:	$ 49.25

Proposed Rates:

Monthly Minimum:	$ 64.66

JW Wastewater Utility Company

Bill Comparison Present and Proposed Rates

Meter Size: Effluent

Exhibit
Schedule H-4
Page 3
Witness Bourassa

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	-	$ -	$ -	$ -	0.00%
2	1,000	0.87	0.87	-	0.00%
3	2,000	1.74	1.74	-	0.00%
4	3,000	2.61	2.61	-	0.00%
5	4,000	3.48	3.48	-	0.00%
6	5,000	4.35	4.35	-	0.00%
7	6,000	5.22	5.22	-	0.00%
8	7,000	6.09	6.09	-	0.00%
9	8,000	6.96	6.96	-	0.00%
10	9,000	7.83	7.83	-	0.00%
11	10,000	8.70	8.70	-	0.00%
12	12,000	10.44	10.44	-	0.00%
13	14,000	12.18	12.18	-	0.00%
14	16,000	13.92	13.92	-	0.00%
15	18,000	15.66	15.66	-	0.00%
16	20,000	17.40	17.40	-	0.00%
17	25,000	21.75	21.75	-	0.00%
18	30,000	26.10	26.10	-	0.00%
19	35,000	30.45	30.45	-	0.00%
20	40,000	34.80	34.80	-	0.00%
21	45,000	39.15	39.15	-	0.00%
22	50,000	43.50	43.50	-	0.00%
23	60,000	52.20	52.20	-	0.00%
24	70,000	60.90	60.90	-	0.00%
25	80,000	69.60	69.60	-	0.00%
26	90,000	78.30	78.30	-	0.00%
27	100,000	87.00	87.00	-	0.00%
28	Average Usage 3,851,333	$ 3,350.66	$ 3,350.66	$ -	0.00%
29	Median Usage 3,848,000	$ 3,347.76	$ 3,347.76	$ -	0.00%

Present Rates:

Monthly Minimum:	$ -
Gallons in Minimum	-
Charge Per 1,000 Gallons	
All gallons	$ 0.8700

Proposed Rates:

Monthly Minimum:	$ -
Gallons in Minimum	-
Charge Per 1,000 Gallons	
All gallons	$ 0.8700

JW Wastewater Utility Company

Bill Comparison Present and Proposed Rates
Meter Size: 5/8x3/4 Inch Residential

Exhibit
Schedule H-4
Page 4
Witness Bourassa

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	-	$ 34.95	$ 64.66	$ 29.71	85.00%
2	1,000	34.95	64.66	29.71	85.00%
3	2,000	34.95	64.66	29.71	85.00%
4	3,000	34.95	64.66	29.71	85.00%
5	4,000	34.95	64.66	29.71	85.00%
6	5,000	34.95	64.66	29.71	85.00%
7	6,000	34.95	64.66	29.71	85.00%
8	7,000	34.95	64.66	29.71	85.00%
9	8,000	34.95	64.66	29.71	85.00%
10	9,000	34.95	64.66	29.71	85.00%
11	10,000	34.95	64.66	29.71	85.00%
12	12,000	34.95	64.66	29.71	85.00%
13	14,000	34.95	64.66	29.71	85.00%
14	16,000	34.95	64.66	29.71	85.00%
15	18,000	34.95	64.66	29.71	85.00%
16	20,000	34.95	64.66	29.71	85.00%
17	25,000	34.95	64.66	29.71	85.00%
18	30,000	34.95	64.66	29.71	85.00%
19	35,000	34.95	64.66	29.71	85.00%
20	40,000	34.95	64.66	29.71	85.00%
21	45,000	34.95	64.66	29.71	85.00%
22	50,000	34.95	64.66	29.71	85.00%
23	60,000	34.95	64.66	29.71	85.00%
24	70,000	34.95	64.66	29.71	85.00%
25	80,000	34.95	64.66	29.71	85.00%
26	90,000	34.95	64.66	29.71	85.00%
27	100,000	34.95	64.66	29.71	85.00%
28	Average Usage				
	-	$ 34.95	$ 64.66	$ 29.71	85.00%
29	Median Usage				
	-	$ 34.95	$ 64.66	$ 29.71	85.00%

Present Rates:

Monthly Minimum:	$ 34.95

Proposed Rates:

Monthly Minimum:	$ 64.66

JW Wastewater Utility Company
Bill Comparison Present and Proposed Rates
Meter Size: 3/4 Inch Residential

Exhibit
Schedule H-4
Page Page 5
Witness Bourassa

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	-	$ 34.95	$ 64.66	$ 29.71	85.00%
2	1,000	34.95	64.66	29.71	85.00%
3	2,000	34.95	64.66	29.71	85.00%
4	3,000	34.95	64.66	29.71	85.00%
5	4,000	34.95	64.66	29.71	85.00%
6	5,000	34.95	64.66	29.71	85.00%
7	6,000	34.95	64.66	29.71	85.00%
8	7,000	34.95	64.66	29.71	85.00%
9	8,000	34.95	64.66	29.71	85.00%
10	9,000	34.95	64.66	29.71	85.00%
11	10,000	34.95	64.66	29.71	85.00%
12	12,000	34.95	64.66	29.71	85.00%
13	14,000	34.95	64.66	29.71	85.00%
14	16,000	34.95	64.66	29.71	85.00%
15	18,000	34.95	64.66	29.71	85.00%
16	20,000	34.95	64.66	29.71	85.00%
17	25,000	34.95	64.66	29.71	85.00%
18	30,000	34.95	64.66	29.71	85.00%
19	35,000	34.95	64.66	29.71	85.00%
20	40,000	34.95	64.66	29.71	85.00%
21	45,000	34.95	64.66	29.71	85.00%
22	50,000	34.95	64.66	29.71	85.00%
23	60,000	34.95	64.66	29.71	85.00%
24	70,000	34.95	64.66	29.71	85.00%
25	80,000	34.95	64.66	29.71	85.00%
26	90,000	34.95	64.66	29.71	85.00%
27	100,000	34.95	64.66	29.71	85.00%
28	Average Usage				
	-	$ 34.95	$ 64.66	$ 29.71	85.00%
29	Median Usage				
	-	$ 34.95	$ 64.66	$ 29.71	85.00%

Present Rates:

Monthly Minimum:	$ 34.95

Proposed Rates:

Monthly Minimum:	$ 64.66

Exhibit
Schedule H-4
Page 6
Witness Bourassa

JW Wastewater Utility Company
Bill Comparison Present and Proposed Rates
Meter Size: 1 Inch Residential

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	-	$ 34.95	$ 161.64	$ 126.69	362.50%
2	1,000	34.95	161.64	126.69	362.50%
3	2,000	34.95	161.64	126.69	362.50%
4	3,000	34.95	161.64	126.69	362.50%
5	4,000	34.95	161.64	126.69	362.50%
6	5,000	34.95	161.64	126.69	362.50%
7	6,000	34.95	161.64	126.69	362.50%
8	7,000	34.95	161.64	126.69	362.50%
9	8,000	34.95	161.64	126.69	362.50%
10	9,000	34.95	161.64	126.69	362.50%
11	10,000	34.95	161.64	126.69	362.50%
12	12,000	34.95	161.64	126.69	362.50%
13	14,000	34.95	161.64	126.69	362.50%
14	16,000	34.95	161.64	126.69	362.50%
15	18,000	34.95	161.64	126.69	362.50%
16	20,000	34.95	161.64	126.69	362.50%
17	25,000	34.95	161.64	126.69	362.50%
18	30,000	34.95	161.64	126.69	362.50%
19	35,000	34.95	161.64	126.69	362.50%
20	40,000	34.95	161.64	126.69	362.50%
21	45,000	34.95	161.64	126.69	362.50%
22	50,000	34.95	161.64	126.69	362.50%
23	60,000	34.95	161.64	126.69	362.50%
24	70,000	34.95	161.64	126.69	362.50%
25	80,000	34.95	161.64	126.69	362.50%
26	90,000	34.95	161.64	126.69	362.50%
27	100,000	34.95	161.64	126.69	362.50%
28	Average Usage				
	-	$ 34.95	$ 161.64	$ 126.69	362.50%
29	Median Usage				
	-	$ 34.95	$ 161.64	$ 126.69	362.50%

Present Rates:	
Monthly Minimum:	$ 34.95
Proposed Rates:	
Monthly Minimum:	$ 161.64

JW Wastewater Utility Company

Bill Comparison Present and Proposed Rates

Meter Size: 5/8x3/4 Inch Commercial

Exhibit

Schedule H-4

Page Page 7

Witness Bourassa

Line No.	Usage		Present Bill		Proposed Bill	Dollar Increase	Percent Increase
1	-	$	34.95	$	64.66	$ 29.71	85.00%
2	1,000		34.95		64.66	29.71	85.00%
3	2,000		34.95		64.66	29.71	85.00%
4	3,000		34.95		64.66	29.71	85.00%
5	4,000		34.95		64.66	29.71	85.00%
6	5,000		34.95		64.66	29.71	85.00%
7	6,000		34.95		64.66	29.71	85.00%
8	7,000		34.95		64.66	29.71	85.00%
9	8,000		34.95		64.66	29.71	85.00%
10	9,000		34.95		64.66	29.71	85.00%
11	10,000		34.95		64.66	29.71	85.00%
12	12,000		34.95		64.66	29.71	85.00%
13	14,000		34.95		64.66	29.71	85.00%
14	16,000		34.95		64.66	29.71	85.00%
15	18,000		34.95		64.66	29.71	85.00%
16	20,000		34.95		64.66	29.71	85.00%
17	25,000		34.95		64.66	29.71	85.00%
18	30,000		34.95		64.66	29.71	85.00%
19	35,000		34.95		64.66	29.71	85.00%
20	40,000		34.95		64.66	29.71	85.00%
21	45,000		34.95		64.66	29.71	85.00%
22	50,000		34.95		64.66	29.71	85.00%
23	60,000		34.95		64.66	29.71	85.00%
24	70,000		34.95		64.66	29.71	85.00%
25	80,000		34.95		64.66	29.71	85.00%
26	90,000		34.95		64.66	29.71	85.00%
27	100,000		34.95		64.66	29.71	85.00%
28	Average Usage						
	-	$	34.95	$	64.66	$ 29.71	85.00%
29	Median Usage						
	-	$	34.95	$	64.66	$ 29.71	85.00%

Present Rates:

Monthly Minimum:	$	34.95

Proposed Rates:

Monthly Minimum:	$	64.66

Exhibit
Schedule H-4
Page 8
Witness Bourassa

JW Wastewater Utility Company

Bill Comparison Present and Proposed Rates
Meter Size: 3/4 Inch Commercial

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	-	$ 34.95	$ 64.66	$ 29.71	85.00%
2	1,000	34.95	64.66	29.71	85.00%
3	2,000	34.95	64.66	29.71	85.00%
4	3,000	34.95	64.66	29.71	85.00%
5	4,000	34.95	64.66	29.71	85.00%
6	5,000	34.95	64.66	29.71	85.00%
7	6,000	34.95	64.66	29.71	85.00%
8	7,000	34.95	64.66	29.71	85.00%
9	8,000	34.95	64.66	29.71	85.00%
10	9,000	34.95	64.66	29.71	85.00%
11	10,000	34.95	64.66	29.71	85.00%
12	12,000	34.95	64.66	29.71	85.00%
13	14,000	34.95	64.66	29.71	85.00%
14	16,000	34.95	64.66	29.71	85.00%
15	18,000	34.95	64.66	29.71	85.00%
16	20,000	34.95	64.66	29.71	85.00%
17	25,000	34.95	64.66	29.71	85.00%
18	30,000	34.95	64.66	29.71	85.00%
19	35,000	34.95	64.66	29.71	85.00%
20	40,000	34.95	64.66	29.71	85.00%
21	45,000	34.95	64.66	29.71	85.00%
22	50,000	34.95	64.66	29.71	85.00%
23	60,000	34.95	64.66	29.71	85.00%
24	70,000	34.95	64.66	29.71	85.00%
25	80,000	34.95	64.66	29.71	85.00%
26	90,000	34.95	64.66	29.71	85.00%
27	100,000	34.95	64.66	29.71	85.00%
28	Average Usage				
	-	$ 34.95	$ 64.66	$ 29.71	85.00%
29	Median Usage				
	-	$ 34.95	$ 64.66	$ 29.71	85.00%

Present Rates:	
Monthly Minimum:	$ 34.95
Proposed Rates:	
Monthly Minimum:	$ 64.66

Exhibit
Schedule
Page 9
Witness Bourassa

JW Wastewater Utility Company

Bill Comparison Present and Proposed Rates
Meter Size: 1Inch Commercial

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	-	$ 34.95	$ 161.64	$ 126.69	362.50%
2	1,000	34.95	161.64	126.69	362.50%
3	2,000	34.95	161.64	126.69	362.50%
4	3,000	34.95	161.64	126.69	362.50%
5	4,000	34.95	161.64	126.69	362.50%
6	5,000	34.95	161.64	126.69	362.50%
7	6,000	34.95	161.64	126.69	362.50%
8	7,000	34.95	161.64	126.69	362.50%
9	8,000	34.95	161.64	126.69	362.50%
10	9,000	34.95	161.64	126.69	362.50%
11	10,000	34.95	161.64	126.69	362.50%
12	12,000	34.95	161.64	126.69	362.50%
13	14,000	34.95	161.64	126.69	362.50%
14	16,000	34.95	161.64	126.69	362.50%
15	18,000	34.95	161.64	126.69	362.50%
16	20,000	34.95	161.64	126.69	362.50%
17	25,000	34.95	161.64	126.69	362.50%
18	30,000	34.95	161.64	126.69	362.50%
19	35,000	34.95	161.64	126.69	362.50%
20	40,000	34.95	161.64	126.69	362.50%
21	45,000	34.95	161.64	126.69	362.50%
22	50,000	34.95	161.64	126.69	362.50%
23	60,000	34.95	161.64	126.69	362.50%
24	70,000	34.95	161.64	126.69	362.50%
25	80,000	34.95	161.64	126.69	362.50%
26	90,000	34.95	161.64	126.69	362.50%
27	100,000	34.95	161.64	126.69	362.50%
28	Average Usage				
	-	$ 34.95	$ 161.64	$ 126.69	362.50%
29	Median Usage				
	-	$ 34.95	$ 161.64	$ 126.69	362.50%

Present Rates:

Monthly Minimum:	$ 34.95

Proposed Rates:

Monthly Minimum:	$ 161.64

JW Wastewater Utility Company
Bill Comparison Present and Proposed Rates
Meter Size: 1.5 Inch Commecial

Exhibit
Schedule H-4
Page 10
Witness Bourassa

Line No.	Usage		Present Bill		Proposed Bill	Dollar Increase	Percent Increase
1	-	$	34.95	$	323.29	$ 288.34	825.00%
2	1,000		34.95		323.29	288.34	825.00%
3	2,000		34.95		323.29	288.34	825.00%
4	3,000		34.95		323.29	288.34	825.00%
5	4,000		34.95		323.29	288.34	825.00%
6	5,000		34.95		323.29	288.34	825.00%
7	6,000		34.95		323.29	288.34	825.00%
8	7,000		34.95		323.29	288.34	825.00%
9	8,000		34.95		323.29	288.34	825.00%
10	9,000		34.95		323.29	288.34	825.00%
11	10,000		34.95		323.29	288.34	825.00%
12	12,000		34.95		323.29	288.34	825.00%
13	14,000		34.95		323.29	288.34	825.00%
14	16,000		34.95		323.29	288.34	825.00%
15	18,000		34.95		323.29	288.34	825.00%
16	20,000		34.95		323.29	288.34	825.00%
17	25,000		34.95		323.29	288.34	825.00%
18	30,000		34.95		323.29	288.34	825.00%
19	35,000		34.95		323.29	288.34	825.00%
20	40,000		34.95		323.29	288.34	825.00%
21	45,000		34.95		323.29	288.34	825.00%
22	50,000		34.95		323.29	288.34	825.00%
23	60,000		34.95		323.29	288.34	825.00%
24	70,000		34.95		323.29	288.34	825.00%
25	80,000		34.95		323.29	288.34	825.00%
26	90,000		34.95		323.29	288.34	825.00%
27	100,000		34.95		323.29	288.34	825.00%
28	Average Usage						
	-	$	34.95	$	323.29	$ 288.34	825.00%
29	Median Usage						
	-	$	34.95	$	323.29	$ 288.34	825.00%

Present Rates:

Monthly Minimum:	$	34.95

Proposed Rates:

Monthly Minimum:	$	323.29

JW Wastewater Utility Company

Bill Comparison Present and Proposed Rates

Meter Size: 2 Inch Commecial

Exhibit
Schedule H-4
Page 11
Witness Bourassa

Line No.	Usage		Present Bill		Proposed Bill	Dollar Increase	Percent Increase
1	-	$	34.95	$	517.26	$ 482.31	1380.00%
2	1,000		34.95		517.26	482.31	1380.00%
3	2,000		34.95		517.26	482.31	1380.00%
4	3,000		34.95		517.26	482.31	1380.00%
5	4,000		34.95		517.26	482.31	1380.00%
6	5,000		34.95		517.26	482.31	1380.00%
7	6,000		34.95		517.26	482.31	1380.00%
8	7,000		34.95		517.26	482.31	1380.00%
9	8,000		34.95		517.26	482.31	1380.00%
10	9,000		34.95		517.26	482.31	1380.00%
11	10,000		34.95		517.26	482.31	1380.00%
12	12,000		34.95		517.26	482.31	1380.00%
13	14,000		34.95		517.26	482.31	1380.00%
14	16,000		34.95		517.26	482.31	1380.00%
15	18,000		34.95		517.26	482.31	1380.00%
16	20,000		34.95		517.26	482.31	1380.00%
17	25,000		34.95		517.26	482.31	1380.00%
18	30,000		34.95		517.26	482.31	1380.00%
19	35,000		34.95		517.26	482.31	1380.00%
20	40,000		34.95		517.26	482.31	1380.00%
21	45,000		34.95		517.26	482.31	1380.00%
22	50,000		34.95		517.26	482.31	1380.00%
23	60,000		34.95		517.26	482.31	1380.00%
24	70,000		34.95		517.26	482.31	1380.00%
25	80,000		34.95		517.26	482.31	1380.00%
26	90,000		34.95		517.26	482.31	1380.00%
27	100,000		34.95		517.26	482.31	1380.00%
28	Average Usage						
	-	$	34.95	$	517.26	$ 482.31	1380.00%
29	Median Usage						
	-	$	34.95	$	517.26	$ 482.31	1380.00%

Present Rates:

Monthly Minimum:	$ 34.95

Proposed Rates:

Monthly Minimum:	$ 517.26

JW Wastewater Utility Company
Bill Comparison Present and Proposed Rates
Meter Size: 3 Inch Commecial

Exhibit
Schedule H-4
Page 12
Witness Bourassa

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	-	$ 34.95	$ 1,034.52	$ 999.57	2860.00%
2	1,000	34.95	1,034.52	999.57	2860.00%
3	2,000	34.95	1,034.52	999.57	2860.00%
4	3,000	34.95	1,034.52	999.57	2860.00%
5	4,000	34.95	1,034.52	999.57	2860.00%
6	5,000	34.95	1,034.52	999.57	2860.00%
7	6,000	34.95	1,034.52	999.57	2860.00%
8	7,000	34.95	1,034.52	999.57	2860.00%
9	8,000	34.95	1,034.52	999.57	2860.00%
10	9,000	34.95	1,034.52	999.57	2860.00%
11	10,000	34.95	1,034.52	999.57	2860.00%
12	12,000	34.95	1,034.52	999.57	2860.00%
13	14,000	34.95	1,034.52	999.57	2860.00%
14	16,000	34.95	1,034.52	999.57	2860.00%
15	18,000	34.95	1,034.52	999.57	2860.00%
16	20,000	34.95	1,034.52	999.57	2860.00%
17	25,000	34.95	1,034.52	999.57	2860.00%
18	30,000	34.95	1,034.52	999.57	2860.00%
19	35,000	34.95	1,034.52	999.57	2860.00%
20	40,000	34.95	1,034.52	999.57	2860.00%
21	45,000	34.95	1,034.52	999.57	2860.00%
22	50,000	34.95	1,034.52	999.57	2860.00%
23	60,000	34.95	1,034.52	999.57	2860.00%
24	70,000	34.95	1,034.52	999.57	2860.00%
25	80,000	34.95	1,034.52	999.57	2860.00%
26	90,000	34.95	1,034.52	999.57	2860.00%
27	100,000	34.95	1,034.52	999.57	2860.00%
28	Average Usage -	$ 34.95	$ 1,034.52	$ 999.57	2860.00%
29	Median Usage -	$ 34.95	$ 1,034.52	$ 999.57	2860.00%

Present Rates:

Monthly Minimum:	$ 34.95

Proposed Rates:

Monthly Minimum:	########

JW Wastewater Utility Company
Bill Comparison Present and Proposed Rates
Meter Size: Effluent

Exhibit
Schedule H-4
Page 13
Witness Bourassa

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	-	$ -	$ -	$ -	0.00%
2	1,000	0.58	0.87	0.29	50.00%
3	2,000	1.16	1.74	0.58	50.00%
4	3,000	1.74	2.61	0.87	50.00%
5	4,000	2.32	3.48	1.16	50.00%
6	5,000	2.90	4.35	1.45	50.00%
7	6,000	3.48	5.22	1.74	50.00%
8	7,000	4.06	6.09	2.03	50.00%
9	8,000	4.64	6.96	2.32	50.00%
10	9,000	5.22	7.83	2.61	50.00%
11	10,000	5.80	8.70	2.90	50.00%
12	12,000	6.96	10.44	3.48	50.00%
13	14,000	8.12	12.18	4.06	50.00%
14	16,000	9.28	13.92	4.64	50.00%
15	18,000	10.44	15.66	5.22	50.00%
16	20,000	11.60	17.40	5.80	50.00%
17	25,000	14.50	21.75	7.25	50.00%
18	30,000	17.40	26.10	8.70	50.00%
19	35,000	20.30	30.45	10.15	50.00%
20	40,000	23.20	34.80	11.60	50.00%
21	45,000	26.10	39.15	13.05	50.00%
22	50,000	29.00	43.50	14.50	50.00%
23	60,000	34.80	52.20	17.40	50.00%
24	70,000	40.60	60.90	20.30	50.00%
25	80,000	46.40	69.60	23.20	50.00%
26	90,000	52.20	78.30	26.10	50.00%
27	100,000	58.00	87.00	29.00	50.00%
28	Average Usage 10,314,083	$ 5,982.17	$ 8,973.25	$ 2,991.08	50.00%
29	Median Usage 10,155,500	$ 5,890.19	$ 8,835.29	$ 2,945.10	50.00%

Present Rates:

Monthly Minimum:	$ -
Gallons in Minimum	-
Charge Per 1,000 Gallons	
All gallons	$ 0.5800

Proposed Rates:

Monthly Minimum:	$ -
Gallons in Minimum	-
Charge Per 1,000 Gallons	
All gallons	$ 0.8700

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Meter Size: 3/4 Inch Residential

Exhibit
Schedule H-5
Page 1
Bourassa

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	1,767	1,766	1,777	1,775	1,760	1,813	1,818	1,823	1,824	1,835	1,838	1,841	21,637	21,637	-
														-	21,637	
	Totals	1,767	1,766	1,777	1,775	1,760	1,813	1,818	1,823	1,824	1,835	1,838	1,841	21,637		
										Average Usage				-		
										Median Usage				-		
										Average # Customers				1,803		
										Change in Number of Customers				74		

Exhibit
Schedule H-5
Page 2
Bourassa

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Meter Size: 3/4 Inch Commercial

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	4	4	4	4	4	4	4	4	4	4	4	4	48	48	-
														-	48	
	Totals	4	4	4	4	4	4	4	4	4	4	4	4	48		
										Average Usage				-		
										Median Usage				-		
										Average # Customers				4		
										Change in Number of Customers				-		

Exhibit
Schedule H-5
Page 3
Bourassa

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Meter Size: Effluent

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-													-	-	-
1	1,000													-	-	-
1,001	2,000													-	-	-
2,001	3,000													-	-	-
3,001	4,000													-	-	-
4,001	5,000													-	-	-
5,001	6,000													-	-	-
6,001	7,000													-	-	-
7,001	8,000													-	-	-
8,001	9,000													-	-	-
9,001	10,000													-	-	-
10,001	11,000													-	-	-
11,001	12,000													-	-	-
12,001	13,000													-	-	-
13,001	14,000													-	-	-
14,001	15,000													-	-	-
15,001	16,000													-	-	-
16,001	17,000													-	-	-
17,001	18,000													-	-	-
18,001	19,000													-	-	-
19,001	20,000													-	-	-
20,001	21,000													-	-	-
21,001	22,000													-	-	-
22,001	23,000													-	-	-
23,001	24,000													-	-	-
24,001	25,000													-	-	-
25,001	26,000													-	-	-
26,001	27,000													-	-	-
27,001	28,000													-	-	-
28,001	29,000													-	-	-
29,001	30,000													-	-	-
30,001	31,000													-	-	-
31,001	32,000													-	-	-
32,001	33,000													-	-	-
33,001	34,000													-	-	-
34,001	35,000													-	-	-
35,001	36,000													-	-	-
36,001	37,000													-	-	-
37,001	38,000													-	-	-
38,001	39,000													-	-	-
39,001	40,000													-	-	-
40,001	41,000													-	-	-
41,001	42,000													-	-	-

Exhibit
Schedule H-5
Page 3
Bourassa

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Meter Size: Effluent

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
42,001	43,000													-	-	-
43,001	44,000													-	-	-
44,001	45,000													-	-	-
45,001	46,000													-	-	-
46,001	47,000													-	-	-
47,001	48,000													-	-	-
48,001	49,000													-	-	-
49,001	50,000													-	-	-
50,001	51,000													-	-	-
51,001	52,000													-	-	-
52,001	53,000													-	-	-
53,001	54,000													-	-	-
54,001	55,000													-	-	-
55,001	56,000													-	-	-
56,001	57,000													-	-	-
57,001	58,000													-	-	-
58,001	59,000													-	-	-
59,001	60,000													-	-	-
60,001	61,000													-	-	-
61,001	62,000													-	-	-
62,001	63,000													-	-	-
63,001	64,000													-	-	-
64,001	65,000													-	-	-
65,001	66,000													-	-	-
66,001	67,000													-	-	-
67,001	68,000													-	-	-
68,001	69,000													-	-	-
69,001	70,000													-	-	-
70,001	71,000													-	-	-
71,001	72,000													-	-	-
72,001	73,000													-	-	-
73,001	74,000													-	-	-
74,001	75,000													-	-	-
75,001	76,000													-	-	-
76,001	77,000													-	-	-
77,001	78,000													-	-	-
78,001	79,000													-	-	-
79,001	80,000													-	-	-
80,001	81,000													-	-	-
81,001	82,000													-	-	-
82,001	83,000													-	-	-
83,001	84,000													-	-	-
84,001	85,000													-	-	-

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Meter Size: Effluent

Exhibit
Schedule H-5
Page 3
Bourassa

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
85,001	86,000													-	-	-
86,001	87,000													-	-	-
87,001	88,000													-	-	-
88,001	89,000													-	-	-
89,001	90,000													-	-	-
90,001	91,000													-	-	-
91,001	92,000													-	-	-
92,001	93,000													-	-	-
93,001	94,000													-	-	-
94,001	95,000													-	-	-
95,001	96,000													-	-	-
96,001	97,000													-	-	-
97,001	98,000													-	-	-
98,001	99,000													-	-	-
99,001	100,000													-	-	-
3,277,000	3,277,000									1				1	1	3,277
3,367,000	3,367,000										1			1	2	6,644
3,448,000	3,448,000	1												1	3	10,092
3,449,000	3,449,000											1		1	4	13,541
3,477,000	3,477,000												1	1	5	17,018
3,686,000	3,686,000								1					1	6	20,704
4,010,000	4,010,000		1											1	7	24,714
4,065,000	4,065,000					1								1	8	28,779
4,197,000	4,197,000			1										1	9	32,976
4,197,000	4,197,000							1						1	10	37,173
4,475,000	4,475,000				1									1	11	41,648
4,568,000	4,568,000						1							1	12	46,216
	-													-	12	46,216
	-													-	12	46,216
														-	12	
Totals		1	1	1	1	1	1	1	1	1	1	1	1	12		

Average Usage	3,851,333
Median Usage	3,848,000
Average # Customers	1
Change in Number of Customers	-

Exhibit
Schedule H-5
Page 4
Bourassa

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Meter Size: 5/8x3/4 Inch Residential

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	5,169	5,171	5,165	5,187	5,184	5,193	5,196	5,181	5,178	5,190	5,183	5,183	62,180	62,180	-
														-	62,180	
	Totals	5,169	5,171	5,165	5,187	5,184	5,193	5,196	5,181	5,178	5,190	5,183	5,183	62,180		

Average Usage	-
Median Usage	-
Average # Customers	5,182
Change in Number of Customers	14

Exhibit
Schedule H-5
Page 5
Bourassa

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Meter Size: 3/4 Inch Residential

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
-	-	19	19	19	19	19	19	19	19	19	19	19	19	228	228	-
														-	228	
	Totals	19	19	19	19	19	19	19	19	19	19	19	19	228		
										Average Usage				-		
										Median Usage				-		
										Average # Customers				19		
										Change in Number of Customers				-		

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Meter Size: 1 Inch Residential

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	4	4	4	4	4	4	4	4	4	4	4	4	48	48	-
														-	48	
	Totals	4	4	4	4	4	4	4	4	4	4	4	4	48		

Average Usage	-
Median Usage	-
Average # Customers	4
Change in Number of Customers	-

Exhibit
Schedule H-5
Page 7
Bourassa

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Meter Size: 5/8x3/4 Inch Commercial

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	21	21	20	20	19	19	20	20	20	20	21	21	242	242	-
														-	242	
	Totals	21	21	20	20	19	19	20	20	20	20	21	21	242		

Average Usage	-
Median Usage	-
Average # Customers	20
Change in Number of Customers	-

JW Wastewater Utility Company

Test Year Ended September 30, 2025

Meter Size: 3/4 Inch Commercial

Exhibit
Schedule H-5
Page 8
Bourassa

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	3	3	3	3	3	3	3	3	3	3	3	3	36	36	-
														-	36	
	Totals	3	3	3	3	3	3	3	3	3	3	3	3	36		
										Average Usage				-		
										Median Usage				-		
										Average # Customers				3		
										Change in Number of Customers				-		

Exhibit
Schedule H-5
Page 9
Bourassa

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Meter Size: 1Inch Commercial

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	12	12	12	12	12	12	12	12	12	12	12	12	144	144	-
														-	144	
	Totals	12	12	12	12	12	12	12	12	12	12	12	12	144		

Average Usage	-
Median Usage	-
Average # Customers	12
Change in Number of Customers	-

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Meter Size: 1.5 Inch Commecial

Exhibit
Schedule H-5
Page 10
Bourassa

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	2	2	2	2	2	2	2	2	2	2	2	2	24	24	-
														-	24	
	Totals	2	2	2	2	2	2	2	2	2	2	2	2	24		

Average Usage	-
Median Usage	-
Average # Customers	2
Change in Number of Customers	-

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Meter Size: 2 Inch Commecial

Exhibit
Schedule H-5
Page 11
Bourassa

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	4	4	4	4	4	4	4	4	4	4	4	4	48	48	-
														-	48	
	Totals	4	4	4	4	4	4	4	4	4	4	4	4	48		
										Average Usage				-		
										Median Usage				-		
										Average # Customers				4		
										Change in Number of Customers				-		

Exhibit
Schedule H-5
Page 12
Bourassa

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Meter Size: 3 Inch Commecial

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	1	1	1	1	1	1	1	1	1	1	1	1	12	12	-
														-	12	
	Totals	1	1	1	1	1	1	1	1	1	1	1	1	12		

Average Usage	-
Median Usage	-
Average # Customers	1
Change in Number of Customers	-

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Meter Size: Effluent

Exhibit
Schedule H-5
Page 13
Bourassa

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-													-	-	-
1	1,000													-	-	-
1,001	2,000													-	-	-
2,001	3,000													-	-	-
3,001	4,000													-	-	-
4,001	5,000													-	-	-
5,001	6,000													-	-	-
6,001	7,000													-	-	-
7,001	8,000													-	-	-
8,001	9,000													-	-	-
9,001	10,000													-	-	-
10,001	11,000													-	-	-
11,001	12,000													-	-	-
12,001	13,000													-	-	-
13,001	14,000													-	-	-
14,001	15,000													-	-	-
15,001	16,000													-	-	-
16,001	17,000													-	-	-
17,001	18,000													-	-	-
18,001	19,000													-	-	-
19,001	20,000													-	-	-
20,001	21,000													-	-	-
21,001	22,000													-	-	-
22,001	23,000													-	-	-
23,001	24,000													-	-	-
24,001	25,000													-	-	-
25,001	26,000													-	-	-
26,001	27,000													-	-	-
27,001	28,000													-	-	-
28,001	29,000													-	-	-
29,001	30,000													-	-	-
30,001	31,000													-	-	-
31,001	32,000													-	-	-
32,001	33,000													-	-	-
33,001	34,000													-	-	-
34,001	35,000													-	-	-
35,001	36,000													-	-	-
36,001	37,000													-	-	-
37,001	38,000													-	-	-
38,001	39,000													-	-	-
39,001	40,000													-	-	-
40,001	41,000													-	-	-
41,001	42,000													-	-	-
42,001	43,000													-	-	-
43,001	44,000													-	-	-

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Meter Size: Effluent

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
44,001	45,000													-	-	-
45,001	46,000													-	-	-
46,001	47,000													-	-	-
47,001	48,000													-	-	-
48,001	49,000													-	-	-
49,001	50,000													-	-	-
50,001	51,000													-	-	-
51,001	52,000													-	-	-
52,001	53,000													-	-	-
53,001	54,000													-	-	-
54,001	55,000													-	-	-
55,001	56,000													-	-	-
56,001	57,000													-	-	-
57,001	58,000													-	-	-
58,001	59,000													-	-	-
59,001	60,000													-	-	-
60,001	61,000													-	-	-
61,001	62,000													-	-	-
62,001	63,000													-	-	-
63,001	64,000													-	-	-
64,001	65,000													-	-	-
65,001	66,000													-	-	-
66,001	67,000													-	-	-
67,001	68,000													-	-	-
68,001	69,000													-	-	-
69,001	70,000													-	-	-
70,001	71,000													-	-	-
71,001	72,000													-	-	-
72,001	73,000													-	-	-
73,001	74,000													-	-	-
74,001	75,000													-	-	-
75,001	76,000													-	-	-
76,001	77,000													-	-	-
77,001	78,000													-	-	-
78,001	79,000													-	-	-
79,001	80,000													-	-	-
80,001	81,000													-	-	-
81,001	82,000													-	-	-
82,001	83,000													-	-	-
83,001	84,000													-	-	-
84,001	85,000													-	-	-
85,001	86,000													-	-	-
86,001	87,000													-	-	-
87,001	88,000													-	-	-
88,001	89,000													-	-	-

Exhibit
Schedule H-5
Page 13
Bourassa

JW Wastewater Utility Company
Test Year Ended September 30, 2025
Meter Size: Effluent

Usage From:	Usage To:	Month of Oct-24	Month of Nov-24	Month of Dec-24	Month of Jan-25	Month of Feb-25	Month of Mar-25	Month of Apr-25	Month of May-25	Month of Jun-25	Month of Jul-25	Month of Aug-25	Month of Sep-25	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
89,001	90,000													-	-	-
90,001	91,000													-	-	-
91,001	92,000													-	-	-
92,001	93,000													-	-	-
93,001	94,000													-	-	-
94,001	95,000													-	-	-
95,001	96,000													-	-	-
96,001	97,000													-	-	-
97,001	98,000													-	-	-
98,001	99,000													-	-	-
99,001	100,000													-	-	-
8,420,000	8,420,000						1							1	1	8,420
8,420,000	8,420,000								1					1	2	16,840
9,301,000	9,301,000									1				1	3	26,141
9,337,000	9,337,000					1								1	4	35,478
9,869,000	9,869,000										1			1	5	45,347
9,955,000	9,955,000											1		1	6	55,302
10,356,000	10,356,000		1											1	7	65,658
10,396,000	10,396,000							1						1	8	76,054
11,572,000	11,572,000	1												1	9	87,626
11,665,000	11,665,000			1										1	10	99,291
12,129,000	12,129,000				1									1	11	111,420
12,349,000	12,349,000												1	1	12	123,769
	-													-	12	123,769
														-	12	
Totals		1	1	1	1	1	1	1	1	1	1	1	1	12		

Average Usage	10,314,083
Median Usage	10,155,500
Average # Customers	1
Change in Number of Customers	-

SHAPIRO LAW FIRM, P.C.
Jay L. Shapiro (No. 014650)
20860 North Tatum Boulevard, Suite 300
Phoenix, Arizona 85050
Telephone (602) 559-9575
jay@shapslawaz.com

Attorney for SaddleBrooke Utility Company

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF SADDLEBROOKE UTILITY COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: SW-02849A-26-

DIRECT TESTIMONY

OF

FREDDIE PATRICK

April 3, 2026

TABLE OF CONTENTS

I. INTRODUCTION.

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Freddie Patrick. My business address is 4720 East Cotton Gin Loop, Suite 130, Phoenix, Arizona 85040.

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

A. Since August 2025, I have been employed by JW Water Holdings, LLC ("JW Water") as the Customer Service Manager for JW Water's subsidiary utilities including SaddleBrooke Utility Company ("SBU") and Mountain Pass Utility Company ("MPU") (collectively, "Applicants").

Q. PLEASE SUMMARIZE YOUR CURRENT RESPONSIBILITIES AS CUSTOMER SERVICE MANAGER.

A. As Customer Service Manager, my duties include:

- Leading customer service, billing, and receivables operations currently for eight water and wastewater utilities
- Developing and standardizing operating procedures training programs, performance metrics, and quality assurance processes
- Working with Regulatory, Finance, and Executive Leadership to ensure compliance with the Commission and other regulatory agencies
- Directing Commission rate case and other communications to customers
- Overseeing customer billings and customer self-service portals, including AutoPay and secure verification
- Recruiting and training Customer Service Representatives ("CSR")
- CSR performance coaching and workforce planning

Q. THANK YOU, MR. PATRICK. CAN YOU PLEASE DISCUSS YOUR WORK EXPERIENCE BEFORE JOINING JW WATER?

A. Yes, prior to joining JW Water, I worked for the City of Scottsdale for several years as their Business Services Department Manager. In that capacity, I oversaw water and wastewater, and trash, from a billing, collections, and customer service perspective. Before Scottsdale, I had a shorter stint with Oscar Health, also in a customer service role, as a Senior Operations Manager. For approximately 10 years prior, I was in various managerial roles with The Salvation Army, Target, and Bank of America.

Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?

A. I have a B.S. in Business Management and Human Resources from the University of Tennessee at Chattanooga.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?

A. No, this is my first time.

Q. WHAT TOPICS ARE YOU ADDRESSING IN YOUR DIRECT TESTIMONY?

A. I will discuss JW Water's recent customer information system ("CIS") upgrade and transition of customer service and billing. I will also specifically address some transition-related glitches that have resulted in increased customer calls and some customer complaints.

II. OVERVIEW OF CUSTOMER SERVICE OPERATIONS.

Q. MR. PATRICK, YOUR TESTIMONY SAYS YOUR DEPARTMENT ONLY HANDLES CUSTOMER SERVICE FOR EIGHT UTILITIES. DOESN'T JW WATER OWN MORE THAN EIGHT UTILITIES?

A. The simplest way to explain it is that the customer service and billing functions for the utilities JW Water owned before it acquired the eight so-called "Robson" utilities in November 2024 are still managed by the same third-party utility customer service providers and the department I manage covers the eight new water and wastewater utilities.

Q. WAS THERE ANY CUSTOMER SERVICE TEAM IN PLACE UNDER THE PRIOR OWNERS?

A. There were two dedicated CSRs that came to work for JW Water but no dedicated Customer Service Manager.

Q. HOW DID JW WATER PROVIDE ALL OF THE CUSTOMER SERVICE AND BILLING FUNCTIONS FOR EIGHT UTILITIES AND 40,000 CUSTOMERS RIGHT AFTER THE ACQUISITION?

A. For a year following the acquisition, JW Water received support from the previous owner of the utilities under a Transition Services Agreement ("TSA"). Under the TSA, JW Water was able to utilize the existing CIS and experienced support staff while we worked to implement an upgraded version of the CIS.

Q. THANK YOU. PLEASE PROVIDE A DESCRIPTION OF JW WATER'S CURRENT CUSTOMER SERVICE OPERATIONS.

A. JW Water's in-house customer service team that I manage handles the customer service and billing functions for eight water and sewer utilities serving 40,000 customer connections that were acquired in November 2024. The CSRs are the primary interface between the utilities and the customers of those eight utilities. They are responsible for ensuring accurate billing and reliable communications, and timely resolution of issues. More specifically, CSRs assist customers moving into a property and seeking to establish water and/or sewer utility services; customers moving out of a property and needing to end their water or sewer services; and customers who want to make changes to their contact or payment information, or who have questions about their account balances. The CSRs works closely with the operations team during the meter reading process each month to ensure the timeliness and accuracy of billing statements issued to customers. Finally, CSRs are responsible for timely processing customer payments.

Q. HOW MANY CSRS DOES JW WATER HAVE NOW?

A. In addition to myself, we currently have three full-time CSRs and three part-time CSRs.

III. DESCRIPTION OF THE SYSTEM UPGRADE.

Q. PLEASE DISCUSS THE CIS UPGRADE.

A. Prior to the acquisition by JW Water, the previous owners used an on-premise billing platform, UMS from Continental Utility Solutions, Inc. ("CUSI"). Given that CUSI has over 40 years of experience and serves over 1,000 utilities, JW Water decided to maintain the relationship with CUSI and implement its browser-based utility software, UB4.

Q. WHEN WAS THE IMPLEMENTATION COMPLETE?

A. The official UB4 implementation was complete in November 2025.

Q. BASED ON YOUR EXPERIENCE, WOULD YOU CONSIDER THE SYSTEM UPGRADE A SUCCESS?

A. Overall, yes. Of course, with nearly all transitions, system implementations or upgrades, there are bound to be some glitches even with the best planning. The transition from UMS to UB4 at the same time the TSA ended, and JW Water's taking over all of the customer service and billing responsibilities is no exception. As part of the system upgrade, there was a temporary period of downtime that affected customers' ability to make payments. Although we communicated this downtime in advance with customers, we still received a number of questions and some complaints from customers. In addition, following the upgrade and transition of services from the previous owner there were some delays in our ability to process customer payments.

Q. HAVE THESE ISSUES BEEN RESOLVED?

A. Yes. The system downtime during a cutover is normal and it was scheduled to take place primarily over a weekend. We have also now resolved the delayed payment issues.

Q. HAVE THERE BEEN ANY OTHER ISSUES WITH BILLING OR PAYMENT PROCESSING?

A. Not necessarily as a result of the system upgrade, but in December we did have a billing error that affected a small number of customers and required manual corrections to impacted customers' accounts. In January, a small group of customers received duplicate billing statements for December. Although the charges were not duplicated in customers' accounts, receiving two statements in the same month created confusion and generated a number of customer calls. We have also found a number of batches of customer payments that were duplicated and generating erroneous credits on customers' bills.

Q. THANK YOU, MR. PATRICK. HAVE THESE ISSUES ALSO LED TO AN INCREASE IN THE NUMBER OF CALLS FROM CUSTOMERS?

A. Yes, they have. It is understandable that when customers' payments are delayed, or if they see an extra payment posted to their account, or they receive multiple billing statements in a month, customers will call and want to speak to a CSR about their account. In January and February 2026, we received over 7,000 phone calls from customers.

Q. THAT SEEMS LIKE AN UNUSUALLY HIGH NUMBER OF CALLS. HOW HAS THE CUSTOMER SERVICE TEAM BEEN ABLE TO HANDLE THE INCREASED CALL VOLUME?

A. It has been a serious challenge for us. At the same time we were completing the system upgrade, we were working to onboard and train new CSRs which reduced the time our experienced CSRs were able to answer calls. And while there has been a significant increase in the number of calls, we are seeing a lot of calls from the same customers. Instinctively, when customers call and cannot speak to a CSR, they call again, and again, leave multiple voicemails, and send follow-up emails. Unfortunately, our ability to timely respond to customers has been impacted by repeated calls and messages.

Q. HAS THERE BEEN AN INCREASE IN CUSTOMER COMPLAINTS?

A. From November 2025 through February 2026, across the eight utility companies, on average three to four customer complaints per month were filed with the Commission. However, in March 2026, we received 11 complaints, 10 of which were filed after customers received their February billing statements that included informational inserts.

Q. WHAT WAS THE CONTEXT OF THE BILL INSERTS?

A. Most customers received two informational inserts with their February billing statements. One insert informed certain customers that JW Water will be transitioning to a centralized lockbox payment processing center in the near future. We wanted to provide customers advance notice of this change, along with information to facilitate the transition. The other insert provided a step-by-step guide for customers on how to register their account in the online customer portal. Although our intention was to clearly communicate and provide helpful information, based on the number of complaints filed and other customer feedback, it is now clear this information created confusion for some customers.

Q. WHAT IS JW WATER'S RESPONSE TO CUSTOMERS AND THEIR COMPLAINTS?

A. First, I sympathize with customers' frustrations. JW Water remains committed to improving responsiveness, correcting misinformation and providing reliable utility services to customers. Although it has not always been apparent, we have increased CSR staff and authorized overtime to assist with the additional calls and emails. We have ceased charging late fees and disconnecting customers during such system transitions. We continue to refine our systems and strengthen processes to protect customers and prevent similar challenges moving forward. We are also working to proactively communicate with customer homeowner associations so they will share information with their members. While we have made important progress, the customer service team is aggressively working to resolve any remaining issues.

Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

SHAPIRO LAW FIRM, P.C.
Jay L. Shapiro (No. 014650)
20860 North Tatum Boulevard, Suite 300
Phoenix, Arizona 85050
Telephone (602) 559-9575
jay@shapslawaz.com

Attorney for SaddleBrooke Utility Company

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF SADDLEBROOKE UTILITY COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: SW-02849A-26-

DIRECT TESTIMONY

OF

THOMAS J. BOURASSA

Rate Design and Rate Case Expense

April 3, 2026

TABLE OF CONTENTS

I. INTRODUCTION, PURPOSE AND SUMMARY OF TESTIMONY.

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Thomas J. Bourassa. My business address is 139 W. Wood Drive, Phoenix, Arizona 85029.

Q. WHAT IS YOUR PROFESSION AND BACKGROUND?

A. I am a self-employed, Certified Public Accountant providing consulting and general accounting services to utility companies. I have a B.S. in Chemistry and Accounting from Northern Arizona University (1980), and an M.B.A. with an emphasis in Finance from the University of Phoenix (1991).

Q. WOULD YOU BRIEFLY SUMMARIZE YOUR PRIOR WORK AND REGULATORY EXPERIENCE?

A. Prior to becoming a private consultant, I was employed by High-Tech Institute, Inc., and served as controller and chief financial officer. Prior to working for High-Tech Institute, I worked as a division controller for the Apollo Group, Inc. Before joining the Apollo Group, I was employed at Kozoman & Kermode, CPAs. In that position, I prepared compilations and other write-up work for water and wastewater utilities, as well as tax returns.

In my private practice, I have prepared and/or assisted in the preparation of roughly a couple hundred water and wastewater utility rate applications before the Arizona Corporation Commission ("Commission"). I have also testified in regulatory proceedings before public utility commissions in Texas, California, Montana, Arkansas, and Alaska. A copy of my regulatory work experience is attached as **Exhibit TJB-DT1**.

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

A. I'm providing this direct testimony on behalf of SaddleBrooke Utility Company ("SBU") and Mountain Pass Utility Company("MPU"). In my testimony, I may refer to SBU and MPU separately or collectively as "Applicants." Applicants are requesting that SBU and MPU be consolidated into a new entity I will refer to as JW Wastewater Utility Company ("JW Wastewater").

Q. WHAT ARE THE SUBJECT MATTERS ADDRESSED IN YOUR DIRECT TESTIMONY?

A. This volume of my direct testimony will cover rate design and rate case expense. In a second volume, I will address the applicable weighted cost of capital and cost of equity.

Q. HAS THE COMPANY PREPARED COST OF SERVICE STUDIES IN THIS CASE?

A. No, I do not believe a cost of service study would be beneficial. The customer bases for SBU, MPU, and JW Wastewater are over 99% residential. In addition, the proposed rate designs are common to other wastewater utilities in Arizona.

II. RATE DESIGN (H SCHEDULES).

Q. PLEASE SUMMARIZE THE H SCHEDULES.

A. Schedule H-1 shows a summary of revenues at present and proposed rates by meter size and customer class. Schedule H-2, pages 1 and 2, shows the present and proposed customer bills. Schedule H-3 shows the present and proposed rates. Schedule H-4 shows the bill comparisons at present and proposed rates at various usage levels for all meter sizes and customer classifications. Schedule H-5 shows the test year bill counts.

Q. PLEASE DESCRIBE HOW YOU DESIGNED THE RATES BEING PROPOSED IN THIS CASE.

A. The current rate design employs the same flat rate for residential and commercial customers. There are no commodity rates, except for effluent sales. The proposed rate design provides for monthly service charges for all customer classes scaled by meter size based upon the relative flow to a 5/8x3/4 inch meter (AWWA flow factors). The 5/8x3/4 inch and ¾ inch metered customers are at the same rate.

Q. WHAT ARE APPLICANTS' PRESENT AND PROPOSED RATES FOR WASTEWATER SERVICE?

A. The present and proposed rates are shown on the respective SBU, MPU, and JW Wastewater Schedule H-3, pages 1 and 2.

Q. WHAT ARE THE BILL IMPACTS OF THE PROPOSED RATES?

A. The bill impacts at the average usage are shown on Schedule H-2, page 1.

Q. WHAT IS THE MONTHLY BILL IMPACT OF THE PROPOSED SBU SEWER RATES ON A 5/8x3/4 INCH RESIDENTIAL CUSTOMER?

A. The present monthly bill for an SBU 5/8x3/4 inch residential customer, the largest customer class, is $34.95. The proposed monthly bill for a 5/8x3/4 inch metered residential customer is $46.57, an increase of $11.62, or 33.25% over the present bill. *See* SBU Schedule H-2, page 1.

Q. WHAT IS THE MONTHLY BILL IMPACT OF THE PROPOSED MPU SEWER RATES ON A 3/4 INCH RESIDENTIAL CUSTOMER?

A. The present monthly bill for an MPU ¾ inch residential customer, the largest customer class, is $49.25. The proposed monthly bill for a ¾ inch metered residential customer is $116.62, an increase of $67.37, or 136.80% over the present bill as shown on MPU Schedule H-2, page 1.

Q. WHAT IS THE MONTHLY BILL IMPACT OF THE PROPOSED JW WASTEWATER SEWER RATES ON THE 5/8x3/4 INCH AND 3/4 INCH RESIDENTIAL CUSTOMER?

A. The proposed monthly bill for both a 5/8x3/4 inch and a ¾ inch metered residential customer is $64.66. For an SBU 5/8x3/4 inch residential customer, the increase over the present monthly bill of $34.95 is $29.71, or 85.00% over the present bill. For an

MPU 3/4 inch residential customer, the increase over the present monthly bill of $49.25 is $15.41, or 31.28% over the present bill. These rates can be found on the JW Wastewater Schedule H-2, page 1.

Q. WHAT ARE THE MISCELLANEOUS SERVICE CHARGES FOR APPLICANTS?

A. The current and proposed charges are set forth on Schedule H-3, page 3 for SBU, MPU and JW Wastewater.

III. RATE CASE EXPENSE.

Q. DO THE RATES YOU HAVE DISCUSSED SO FAR INCLUDE AN AMOUNT FOR RATE CASE EXPENSE?

A. No, those numbers do not include rate case expense because Applicants are requesting a rate case expense surcharge.

Q. WHY DO UTILITIES NEED TO RECOVER RATE CASE EXPENSE, MR. BOURASSA?

A. Because it is a cost of providing utility service to customers. Regulated utilities cannot change their own rates, and they have very little control over the process for changing rates. Therefore, this expense is recoverable from customers.

Q. THANK YOU. HOW MUCH TOTAL RATE CASE EXPENSE DOES JW WASTEWATER SEEK TO RECOVER?

A. A total of $87,500 recovered over 36 months through a surcharge. The surcharge based is estimated to be $0.34 per customer per month for JW Wastewater. For SBU stand-alone and MPU stand-alone the rate case surcharges are $0.32 and $0.37, respectively.

Q. WHAT IS INCLUDED IN THE ESTIMATED RATE CASE EXPENSE FOR THIS CASE?

A. Primarily my fees with the assumption I will be the only expert not employed by

JW Water Holdings, LLC testifying for Applicants. The estimate also includes costs for mailing notice, transcripts and other administrative type costs.

Q. WILL THERE BE A TRUE-UP TO THE ACTUAL RATE CASE EXPENSE?

A. That is the typical approach. The estimate considers the factors we knew about at the time the filing was made. The actual amount of rate case expense cannot possibly be known in advance. We do not know what sorts of procedural issues will arise, how many other parties there will be, how much discovery the other parties will conduct, how many issues will be in dispute, how much discovery will be needed, whether pre-filed rebuttal and rejoinder testimony will be required, how long hearings will take, how many issues might be addressed in closing briefs, among other things. As such, whether the final actual cost is higher or lower than the estimate, the reasonable amount of rate case expense incurred should be recovered. A good faith estimate should not result in a windfall to customers or the utility.

Q. WHY WAS A THIRTY-SIX MONTH RECOVERY PERIOD USED, MR. BOURASSA?

A. It is a reasonable timeframe over which a utility should recover the costs that it incurred. It must be remembered that regulated utilities incur and pay the costs while the rate case is ongoing and then have to wait to recover it, without carrying costs. This is why a rate case expense surcharge is strongly preferred to treating it as an operating expense. The primary purpose of a rate case expense surcharge is to ensure that the utility recovers the authorized amount, no more and no less, over as short a time as is feasible.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, I have nothing else to add at this time.

EXHIBIT TJB-DT1

RESUME OF THOMAS J. BOURASSA, CPA

EDUCATIONAL BACKGROUND

B.S. Northern Arizona University Chemistry/Accounting (1980)
M.B.A. University of Phoenix with Emphasis in Finance (1991)
C.P.A. State of Arizona (1995)
Continuing Professional Education – In areas of tax, accounting, management, economics, finance, business valuation, consulting, and ethics (80 hrs every two years)

MEMBERSHIPS

Arizona Society of CPAs
Water Utilities Association of Arizona
American Water Works Association

EMPLOYMENT EXPERIENCE

1995 – Present	CPA - Self Employed Consultant to utilities on regulatory matters including all aspects of rate applications (rate base, income statement, cost of capital, cost of service, and rate design), rate reviews, certificates of convenience and necessity (CC&N), CC&N extensions, financing applications, accounting order applications, and off-site facilities hook-up fee applications. Provide expert testimony as required. Consult on various aspects of business, financial and accounting matters including best business practices, generally accepted accounting principles, generally accepted ratemaking principles, project analysis, cash flow analysis, regulatory treatment of certain expenditures and investments, business valuations, and rate reviews. Litigation support services.
1992-1995	Employed by High-Tech Institute, Phoenix, Arizona as Controller and C.F.O.
1989-1992	Employed by Alta Technical School, a division of University of Phoenix as Division Controller.
1985-1989	Employed by M.L.R. Builders, Tampa and Pensacola, Florida as Operations/Accounting Manager
1982-1985	Employed by and part owner in Area Sand and Clay Company, Pensacola, Florida.

1981-1982	Employed by Purdue University, West Lafayette, Indiana as Teaching Assistant.

SUMMARY OF REGULATORY WORK EXPERIENCE AS SELF-EMPLOYED CONSULTANT

COMPANY/CLIENT	FUNCTION
Pima Utility Company ACC Docket No.	Permanent Rate Application –Sewer. Prepared schedules and testified on Rate Design, Cost of Capital.
Lago Del Oro Water Company ACC Docket No. W-01944A-25-0194	Permanent Rate Application –Water. Prepared schedules and testified on Cost of Service, Rate Design, Cost of Capital, and consolidation.
Quail Creek Water Company ACC Docket No. W-02514A-25-0192	
Ridgeview Utility Company ACC Docket No. -03861A-25-0193	
Ponderosa Utility Corp. ACC Docket No. W-01717A-25-0184	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Liberty Utilities (Litchfield Park Water and Sewer), Corp. ACC Docket Nos. W-01427A-25-0126 and SW-01428A-25-0127	Permanent Rate Application –Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.
Global Water – Santa Cruz Water ACC Docket No. W-20446A-25-0022	Permanent Rate Application –Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.
Global Water – Palo Verde Utilities ACC Docket No. SW-20445A-25-0023	
Salome Water Company ACC Docket No. W-01084A-25-0118	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Joshua Valley Utility Company ACC Docket No. W-02023A-25-0087	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Picacho Water Company ACC Docket No. W-03528A-25-0056	Permanent Rate Application –Water. Prepared schedules and testified on Cost

COMPANY/CLIENT	**FUNCTION**
	of Service, Rate Design, and Cost of Capital.
Picacho Sewer Company ACC Docket No. SW-03709A-25-057	Permanent Rate Application –Water. Prepared schedules and testified on Cost of Service, Rate Design, and Cost of Capital.
Verde Lakes Water Corporation ACC Docket No. W-02372A-24-0266	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Coldwater Canyon Water Company ACC Docket No. W-01559A-24-0262	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Thim Water Corporation Thim Utility Company Consolidation ACC Docket No. W-02372A-24-0266	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Thim Utility Co. ACC Docket No. W-03293A-23-0296	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Community Water Company of Green Valley ACC Docket No. W-02304A-24-0187	Permanent Rate Application –Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Liberty Utilities (CalPeco Electric), LLC CPUC Application No. A.24-09-010	Prepared and testified on Cost of Capital.
Sahuarita Water Company ACC Docket No. W-03718A-24-0172	Permanent Rate Application –Water. Prepared financing application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service Study, Rate Design, and Cost of Capital.
Global Water – Farmers Water Company	Permanent Rate Application –Water.

COMPANY/CLIENT	**FUNCTION**
ACC Docket No. W-01654A-24-0108	Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, and Rate Design
Liberty Utilities (Bella Vista Water) Corp. ACC Docket No. W-02465A-23-0338	Permanent Rate Application –Water and Wastewater. Prepared financing application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service Study, Rate Design, and Cost of Capital.
Liberty Utilities (Beardsley Water) Corp. ACC Docket No. W-02074A-23-0337	
Liberty Utilities (Rio Rico Water & Sewer) Corp. ACC Docket No. WS-02676A-23-0340	
Liberty Utilities (Cordes lakes Water) Corp. ACC Docket No. WS-02060A-23-0339	
Cedar Grove Water, Inc. ACC Docket No. W-20541A-24-0002	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Liberty Utilities (Electric, LLC) CPUC Application No. A.18-12-001	Prepared analysis and testified on Cost of Capital.
Thim Utility Co. ACC Docket No. W-03293A-23-0296	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Navajo Water Company ACC Docket No. W-03511A-23-0260	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Sonoita Valley Water ACC Docket No. W-020435A-23-214	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Liberty Utilities (Park Water and Apple Valley) Corp. CPUC Docket A.23-05-004	Cost of Capital. Prepared Cost of Capital analysis and testimony.

COMPANY/CLIENT	**FUNCTION**
Links at Coyote Wash ACC Docket No. SW-04210A-23-0084	Permanent Rate Application –Sewer. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Truxton Canyon Water Company ACC Docket No. W-02168A-22-0302	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Pima County v. City of Tucson, et. al. Maricopa County Superior Court Case No. CV2022-01141	Expert Witness for Pima County of City on Tucson Water Cost of Service Study and Differential Rates.
Tonto Basin Water Company ACC Docket No. W-03515A-22-0266	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
East Slope Water Company ACC Docket No. W-01906A-22-0289	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Sunrise Vistas Utilities ACC Docket No. WS-03586A-22-0068	Permanent Rate Application –Water and Wastewater. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Liberty Utilities (Gold Canyon Sewer) Corp. Liberty Utilities (Entrada Del Oro Sewer) Corp. ACC Docket No. SW-02519A-21-0361 ACC Docket No. SW-04316A-21-0359	Permanent Rate Application –Wastewater. Prepared financing application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service Study, Rate Design, and Cost of Capital.
Navajo Water Company ACC Docket No. W-03511A-21-0124	Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.

COMPANY/CLIENT	**FUNCTION**
Bensch Ranch Utilities, LLC. ACC Docket No. SW-04026A-21-0225	Permanent Rate Application –Water Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Cerbat Water Company ACC Docket No. W-02391A-21-0290	Permanent Rate Application –Water Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Liberty Utilities (CalPeco Electric, LLC) Corp. CPUC Docket A.21-05-017	Prepared Cost of Capital analysis and testimony. Assisted in tax depreciation projections and determination of projected accumulated deferred income taxes.
Double R Water Distributors, Inc. ACC Docket No. W-02821A-21-0047	Permanent Rate Application –Water Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Pine Meadows Utilities, LLC. ACC Docket No. SW-03962A-20-0079	Permanent Rate Application –Water Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Coronado Utilities, Inc. ACC Docket No. SW-04305A-20-0346	Permanent Rate Application – Wastewater Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
SaddleBrooke Utility Company ACC Docket No. SW-02849A-20-0262	Permanent Rate Application – Wastewater Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Pine Meadows Utilities ACC Docket No. SW-03926A-20-0079	Permanent Rate Application –Wastewater Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
EPCOR Arizona (Johnson Utilities) ACC Docket No. WS-02987A-20-0025	Permanent Rate Application. Water and Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate

COMPANY/CLIENT	**FUNCTION**
	Design and Cost of Service.
Beardsley Water Company ACC Docket No. W-02074A-19-0312	Permanent Rate Application –Water Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Oak Creek Water Company No. 1 ACC Docket No. W-01392A-19-0216	Permanent Rate Application –Water Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Alliant Gas ACC Docket No. G-20889A-19-0200	Permanent Rate Application – Gas Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service Study, Rate Design, and Cost of Capital.
Utility Source, LLC. ACC Docket No. WS-04235A-19-0232 ACC Docket No. WS-04235A-19-0233	Permanent Rate Application – Water and Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Liberty Utilities (Black Mountain Sewer) Corp. ACC Docket No. SW-02361A-19-0139	Permanent Rate Application –Wastewater. Prepared financing application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service Study, Rate Design, and Cost of Capital.
Pueblo Del Sol Water Company ACC Docket No. SW-02208A- 19-0140	Permanent Rate Application –Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
DS Water Company ACC Docket No. W-04049A-18-0142	Permanent Rate Application –Water Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Liberty Utilities (Electric, LLC) CPUC Application A. 18-12-001.	Prepared Cost of Capital analysis and testimony.

COMPANY/CLIENT	**FUNCTION**
Liberty Utilities (Park Water) Corp. and Liberty Utilities (Apple Valley Ranchos Water) Corp. CPUC Applications 18-05-001, et al.	Cost of Capital. Prepared Cost of Capital analysis and testimony.
Truxton Water Company ACC W-02168A-18-308	Permanent Rate Application –Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Payson Water Company ACC W-03514A-18-0230	Permanent Rate Application – Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Farmers Water Company ACC W-01654A-18-0083	Permanent Rate Application – Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Liberty Utilities (Silverleaf Water) Corp. SOAH DOCKET NO. 473-18-3006.WS Texas P.U.C. DOCKET NO. 47976	Permanent Rate Application – Water and Wastewater. Prepared financing application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Generic Proceeding - Income Tax "Savings" from reduction in Federal Income Tax Rate ACC AU-0000A-17-0379 ACC various dockets	Prepared computations of tax "savings" from the reduction in federal income tax rates and proposal for passing savings to rate payers through bill credits.
Liberty Utilities (Woodmark Sewer) Corp. Liberty Utilities (Tall Timbers Sewer) Corp. SOAH DOCKET NO. 473-17-1641.WS Texas P.U.C. DOCKET NO. 46256	Develop wastewater rates based upon water usage.
Cerbat Water Company ACC W-02391A-18-0018	Permanent Rate Application –Water. Prepared financing application. Prepared schedules and testified on Rate Base,

COMPANY/CLIENT	**FUNCTION**
	Plant, Income Statement, Revenue Requirement, and Rate Design.
Ajo Improvement Company ACC Docket No. WS-01025A-17-0361	Permanent Rate Application – Water, Wastewater, and Electric. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design,
East Slope Water Company ACC Docket No. W-02031A-17-317	Permanent Rate Application –Water Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Kachina Village Improvement District Flagstaff, Arizona	Prepared rate studies and rate designs. Participated in Board work sessions, customer work sessions, and open houses.
Liberty Utilities (Litchfield Park Water & Sewer) Corp. ACC Docket No. W-01428AA-17-0059 ACC Docket No. SW-01428AA-17-0058	Permanent Rate Application – Water and Wastewater. Prepared financing application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.
Pima Utility Company ACC Docket No. W-02199A-16-0421 ACC Docket No. SW-02199A-16-0422	Permanent Rate Application – Water and Wastewater. Prepared financing application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Valley Pioneers Water Company ACC Docket No. W-02033-16-0412	Permanent Rate Application –Water. Prepared financing application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Yarnell Water Co-Op ACC Docket No. W-02255A-16-0153	Permanent Rate Application –Water Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Oak Creek Water Company No. 1 ACC Docket No. W-01392A-16-0161	Permanent Rate Application –Water Prepared short-form schedules on Rate

COMPANY/CLIENT	**FUNCTION**
	Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Epcor Water Arizona ACC Docket No. W-01303A-16-0145	Permanent Rate Application – Wastewater. Prepared Reconstruction Cost New Less Depreciation Plant for use in determining fair value rate base.
Mountain Water Company Montana PUC Docket No. D2016.2.15	Testified in the matter investigating whether Mountain Water Company's rates are just and reasonable.
Turner Ranches Water and Sanitation Company ACC Docket No. W-01677A-16-0076	Permanent Rate Application –Water Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Liberty Utilities (Entrada Del Oro Sewer) Corp. ACC Docket No. W-04316A-16-0078 ACC Docket No. W-04316A-16-0085	Permanent Rate Application –Wastewater. Prepared financing application. Prepared schedules and testified on Rate Base, Original Cost Less Depreciation Plant, Reconstruction Cost New less Depreciation Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Liberty Utilities (Rio Rico Water and Sewer) Corp. ACC Docket No. WS-02676A-15-0368 ACC Docket No. WS-02676A-15-0371	Permanent Rate Application – Water and Wastewater. Prepared financing application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Liberty Utilities (Bella Vista Water) Corp. ACC Docket No. W-02465A-15-0367 ACC Docket No. W-02465A-15-0370	Permanent Rate Application – Water. Prepared financing application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Community Water of Green Valley ACC Docket No. W-02304A-15-0263	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

COMPANY/CLIENT	**FUNCTION**
Sahuarita Water Company ACC Docket No. W-03718A-15-0213	Permanent Rate Application –Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Liberty Utilities (Black Mountain Sewer) Corp. ACC Docket No. SW-0236 1A- 15-0206 ACC Docket No. SW-0236 1A- 15-0207	Permanent Rate Application –Wastewater. Prepared financing application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service Study, Rate Design, and Cost of Capital.
Tierra Buena Water Company ACC Docket No. W-02076A-15-013	Permanent Rate Application – Water. Assisted in preparation of short-form schedules.
Red Rock Utilities, LLC ACC Docket No. W-04245A-14-0295	Permanent Rate Application – Water and Wastewater. Prepared short-form schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Quail Creek Water Company ACC Docket No. W-02514A-14-0370	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Tonto Basin Water Company ACC Docket No. W-03515A-14-0310	Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Navajo Water Company ACC Docket No. W-03511A-14-304	Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Alaska Power Company Regulatory Commission of Alaska Docket No. U-14-002	Prepared schedules and testified on cost of capital.
Anchorage Municipal Light & Power	Prepared schedules and testified on cost of

COMPANY/CLIENT	**FUNCTION**
Regulatory Commission of Alaska Docket No. U-13-184	capital.
Liberty Utilities (Pine Bluff) Inc. Arkansas Public Service Commission Docket No. 14-020-U	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.
Abra Water Company ACC Docket No. W-01782A-14-0084	Permanent Rate Application – Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
EPCOR Water Arizona, Inc. ACC Docket No. W-01303A-14-0010	Permanent Rate Application – Prepared rate designs and cost of Service studies for Mohave Water District, Mohave Wastewater District, Paradise Valley Water District, Tubac Water District, and Sun City Water District.
Liberty Utilities (Midstates Natural Gas), Inc. Missouri Public Service Commission Case No. GR-2014-0152	Permanent Rate Application – Assist in preparing required rate application schedules for Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Hydro Resources, LLC. ACC Docket No. W-20770A-13-0313	Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and initial rates.
Little Park Water Company ACC Docket No. W-02192A-13-0336	Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Utility Source, LLC. ACC Docket No. WS-04235A-13-0331	Permanent Rate Application – Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

COMPANY/CLIENT	**FUNCTION**
Payson Water Company ACC Docket No. W-03514A-13-0111 ACC Docket No. W-03514A-13-0142	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital. Financing Application. Prepared financial ratios and debt surcharge mechanism.
Goodman Water Company	Valuation
Verde Santa Fe Wastewater ACC Docket No. SW-03437A-13-0292	Permanent Rate Application – Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Lago Del Oro Water Company ACC Docket No. W-01944A-13-0215	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.
Chaparral City Water Company ACC Docket No. W-02113A-13-0118	Permanent Rate Application – Prepared and testified on cost of service study.
Las Quintas Serenas Water Company ACC Docket No. W-01583A-13-0117	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Southwest Environmental Utilities. Inc. ACC Docket No. WS-20878A-13-0065	Certificate of Convenience and Necessity – Water and Wastewater. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and initial rates.
Litchfield park Service Company ACC Docket No. SW-01428A-13-0043 ACC Docket No. W-01428A-13-0042	Permanent Rate Application – Water and Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, Cost of Service, and Cost of Capital.
Beaver Dam Water Company	Permanent Rate Application. Prepared

COMPANY/CLIENT	**FUNCTION**
ACC Docket No. WS-03067A-12-0232	schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.
Rio Rico Utilities ACC Docket No. WS-02676A-12-0196	Permanent Rate Application – Water and Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.
Vail Water Company ACC Docket No. W-01651B-12-0339	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.
Avra Water Co-Op. ACC Docket No. W-02126A-11-0480	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.
Pima Utility Company ACC Docket No. W-02199A-11-0329 ACC Docket No. SW-02199A-11-0330	Permanent Rate Application – Water and Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.
	Work on financing application.
Liberty Utilities (CalPeco Electric, LLC) CPUC Application No. A.11-20-2020	Work on preparation of permanent rate application. Prepared schedules on Rate Base, Plant, Income Statement, Revenue Requirement.
Livco Water Company ACC Docket No. SW-02563A-11-0213	Permanent Rate Application – Water and Wastewater. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Orange Grove Water Company ACC Docket No. W-02237A-11-0180	Permanent Rate Application. Prepared schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.
Goodman Water Company ACC Docket No. W-02500A-10-0382	Permanent Rate Application – Water. Prepared schedules and testified on Rate

COMPANY/CLIENT	**FUNCTION**
	Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Doney Park Water ACC Docket No. W-01416A-10-0450	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Grimmelmann, et. al. v. Pulte Home Corporation, et. al., case no. CV-08-1878-PHX-FJM, the United States District Court for the District of Arizona.	Consultant to defendant and expert witness for defendant on rates and ratemaking.
Southern Arizona Home Builders Association	Consultant on ratemaking aspects to line extension policies (electric).
H2O Water Company	Valuation
Tierra Linda HOA Water Company	Valuation
Las Quintas Serenas Water Company ACC Docket No. W-01583A-09-0589	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Coronado Utilities ACC Docket No. SW-04305A-09-0291	Permanent Rate Application – Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Little Park Water Company ACC Docket No. W-02192A-09-0531	Permanent Rate Application. Prepared schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.
Sahuarita Water Company ACC Docket No. W-03718A-09-0359	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, Cost of Service, and Cost of Capital.
Bella Vista Water Company Southern Sunrise Water Company	Permanent Rate Application – Water. Prepared schedules and testified on Rate

COMPANY/CLIENT	**FUNCTION**
Northern Sunrise Water Company ACC Docket No. W-02465A-09-0414 ACC Docket No. W-02453A-09-0414 ACC Docket No. W-02454A-09-0414	Base, Plant, Income Statement, Revenue Requirement, Rate Design, Cost of Service, and Cost of Capital.
Rio Rico Utilities, Inc ACC Docket No. WS-02676A-09-0257	Permanent Rate Application – Water and Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Litchfield park Service Company ACC Docket No. SW-01428A-09-0103 ACC Docket No. W-01428A-09-0104	Permanent Rate Application – Water and Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, Cost of Service, and Cost of Capital.
Town of Thatcher v. City of Safford, CV 2007-240, Superior Court of Arizona	Consultant to plaintiff on ratemaking and cost of service.
Valencia Water Company California Public Utility Commission Case No. 09-05-002	Cost of Capital
Valley Utilities ACC Docket No. W-01412A-08-0586	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Black Mountain Sewer Company ACC Docket No. SW-02361A-08-0609	Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Far West Water and Sewer Company ACC Docket No. WS-03478A-08-0608	Interim Rate Application (Emergency Rates)
Farmers Water Company ACC Docket No. W-01654A-08-0502	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

COMPANY/CLIENT	**FUNCTION**
Far West Water and Sewer Company ACC Docket No. WS-03478A-08-0454	Permanent Rate Application. Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design and Cost of Capital.
Ridgeline Water Company, LLC ACC Docket No. W-20589A-08-0173	Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and intitial rates.
Sacramento Utilities, Inc. ACC Docket No. SW-20576A-08-0067	Certificate of Convenience and Necessity – Wastewater. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and financing.
Johnson Utilities ACC Docket No. WS-02987A-08-0180	Permanent Rate Application. Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design and Cost of Capital.
	Participate in 40-252 proceeding.
Orange Grove Water Company ACC Docket No. W-02237A-08-0455	Permanent Rate Application. Prepared schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.
Far West Water and Sewer Company ACC Docket No. WS-03478A-07-0442	Financing Application. Prepare schedules to support application.
Oak Creek Water No.1 ACC Docket No. W-01392A-07-0679	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
ICR Water Users Association Docket W-02824-07-0388	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Johnson Utilities	Valuation consultant in the matter of the sale of Johnson Utilities assets to the

COMPANY/CLIENT	**FUNCTION**
	Town of Florence.
H2O, Inc ACC Docket No. W-02234A-07-0550	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Chaparral City Water Company ACC Docket No. W-02113A-07-0551	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Valley Utilities ACC Docket No. W-01412A-07-0561	Financing Application. Prepare schedules to support application.
Valley Utilities ACC Docket No. W-01412A-07-280	Emergency Rate Application. Prepare schedules to support application.
Valley Utilities ACC Docket No. W-01412A-07-0278	Accounting Order. Assist in preparing definition and scope of costs for deferral for future regulatory consideration and treatment.
Litchfield Park Service Company ACC Docket No. W-01427A-06-0807	Accounting Order. Assist in preparing definition and scope of costs for deferral for future regulatory consideration and treatment.
Golden Shores Water Company ACC Docket No. W-01815A-07-0117	Permanent Rate Application. Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Diablo Village Water Company ACC Docket No. W-02309A-07-0140	Off-site facilities hook-up fee application. Prepare schedules to support application.
Diablo Village Water Company ACC Docket No. W-02309A-07-0399	Permanent Rate Application (Class C). Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and

COMPANY/CLIENT	**FUNCTION**
	Cost of Capital.
Sahuarita Water Company (Rancho Sahuarita Water Co.) ACC Docket No. W-03718A-07-0687	Extension Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and financing.
Utility Source, L.L.C. ACC Docket No. WS-04235A-06-0303	Permanent Rate Application- Water and Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Tierra Buena Water Company	Valuation of Tierra Buena Water Company for estate purposes.
Goodman Water Company ACC Docket No. W-02500A-06-0281	Permanent Rate Application (Class C). Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, and Cost of Capital.
Links at Coyote Wash Utilities ACC Docket No. SW-04210A-06-0220	Certificate of Convenience and Necessity – Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
New River Utilities ACC Docket No. W-0173A-06-0171	Extension Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and financing.
Johnson Utilities ACC Docket No. WS-02987A-04-0501 Docket WS-02987A-04-0177	Extension of Certificate of Convenience and Necessity – Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
Bachmann Springs Utility ACC Docket No. WS-03953A-07-0073	Permanent Rate Application – Water and Sewer. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Avra Water Cooperative ACC Docket No. W-02126A-06-0234	Permanent Rate Application – Water. Prepared schedules and testified on Rate

COMPANY/CLIENT	**FUNCTION**
	Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Gold Canyon Sewer Company ACC Docket No. SW-025191A-06-0015	Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
State of Arizona v. Far West Water and Sewer, No. 1 CA-CR 06-0160	Expert witness on behalf of defendant in penalty phase of case.
Far West Water and Sewer Company ACC Docket No. WS-03478A-05-0801	Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Black Mountain Sewer Company ACC Docket No. SW-02361A-05-0657	Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Balterra Sewer Company ACC Docket No. SW-02304A-05-0586	Certificate of Convenience and Necessity – Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
Community Water Company of Green Valley ACC Docket No. W-02304A-05-0830	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
McClain Water Systems Northern Sunrise Water Southern Sunrise Water ACC Docket No. W-020453A-06-0251	Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
Valley Utilities Water Company ACC Docket No. W-01412A-04-0376	Off-site facilities hook-up fee application. Prepare schedules to support application.
Valley Utilities Water Company	Permanent Rate Application – Water.

COMPANY/CLIENT	**FUNCTION**
ACC Docket No. W-01412A-04-0376	Prepared schedules and testified on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Rate Design.
Beardsley Water Company ACC Docket No. W-02074A-04-0358	Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Pine Water Company, Inc. ACC Docket No. W-03512A-03-0279	Interim and Permanent Rate Application, Financing Application - Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Cost of Capital, and Rate Design.
Chaparral City Water Company ACC Docket No. W-02113A-04-0616	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, and Income Statement. Assisted in preparation Rate Design.
Tierra Linda Home Owners Association ACC Docket No. W-0423A-04-0075	Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
Diamond Ventures - Red Rock Utilities ACC Docket No. WS-04245A-04-0184	Certificate of Convenience and Necessity – Water and Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
Arizona-American Water Company, Inc. ACC Docket No. WS-01303A-02-0867 ACC Docket No. WS-01303A-02-0868 ACC Docket No. WS-01303A-02-0869 ACC Docket No. WS-01303A-02-0870 ACC Docket No. WS-01303A-02-0908	Permanent Rate Application Water and Sewer (10 divisions). Prepared schedules and testimony on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Rate Design.
Bella Vista Water Company, Inc. ACC Docket No. W-02465A-01-0776	Permanent Rate Application - Water. Prepared schedules and testimony on Rate

COMPANY/CLIENT	FUNCTION
	Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Cost of Capital and Rate Design.
Green Valley Water Company Docket (2000 Not Filed)	Permanent Rate Application. Prepared schedules and testimony on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Cost of Capital and Rate Design.
Gold Canyon Sewer Company ACC Docket No. SW-02519A-00-0638	Permanent Rate Application - Sewer. Prepared schedules and testimony on Rate Base, Plant, Revenue Requirement, and Income Statement. Assisted in preparation of Cost of Capital and Rate Design.
Rio Verde Utilities, Inc. ACC Docket No. WS-02156A-00-0321	Permanent Rate Application – Water and Sewer. Prepared schedules and testimony on Rate Base, Plant, Revenue Requirement, and Income Statement. Assisted in preparation of Cost of Capital and Rate Design.
Livco Water Company Livco Sewer Company ACC Docket No. SW-02563A-05-0820	Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Livco Water Company ACC Docket No. SW-02563A-07-0506	Permanent Rate Application – Water and Sewer. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Cave Creek Sewer Company	Revenue Requirement, Rate Adjustment and Rate Design - Sewer.
Avra Water Cooperative ACC Docket No. W-02126A-00-0269	Permanent Rate Application – Water. Assisted in preparation of Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Town of Oro Valley	Revenue Requirements, Water Rate Adjustments and Rate Design.

COMPANY/CLIENT	FUNCTION
Far West Water Company ACC Docket No. WS-03478A-99-0144	Permanent Rate Application – Water. Assisted in preparation of schedules for Rate Base, Income Statement, Revenue Requirement, Lead-Lag Study, Cost of Capital, and Rate Design.
MHC Operating Limited Partnership Sedona Venture Wastewater ACC Docket No. W-	Permanent Rate Application – Sewer. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
Vail Water Company ACC Docket No. W-01651B-99-0406	Permanent Rate Application. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
E&T Water Company ACC Docket No. W-01409A-95-0440	Permanent Rate Application - Water. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
New River Utility ACC Docket No. W-01737A-99-0633	Permanent Rate Application - Water. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
Golden Shores Water ACC Docket No. W-01815A-98-0645	Permanent Rate Application – Water. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
Ponderosa Utility Company ACC Docket No. W-01717A-99-0572	Permanent Rate Application – Water. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.

SHAPIRO LAW FIRM, P.C.
Jay L. Shapiro (No. 014650)
20860 North Tatum Boulevard, Suite 300
Phoenix, Arizona 85050
Telephone (602) 559-9575
jay@shapslawaz.com

Attorney for SaddleBrooke Utility Company

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF SADDLEBROOKE UTILITY COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: SW-02849A-26-

DIRECT TESTIMONY

OF

THOMAS J. BOURASSA

COST OF CAPITAL

April 3, 2026

TABLE OF CONTENTS

I. INTRODUCTION, PURPOSE AND SUMMARY OF TESTIMONY.

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Thomas J. Bourassa. My business address is 139 W. Wood Drive, Phoenix, Arizona 85029.

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

A. I'm providing this direct testimony on behalf of SaddleBrooke Utility Company ("SBU") and Mountain Pass Utility Company ("MPU"). Another volume of my direct testimony is also being filed at the same time as this testimony and that volume contains my background information. As in the other volume covering rate design and rate case expense, in this direct testimony I refer to SBU and MPU collectively as "Applicants," and because Applicants are requesting that SBU and MPU be consolidated into one entity to be known as JW Wastewater Utility Company ("JW Wastewater"), I will use that name to refer to the proposed consolidated entity.

Q. WHAT SUBJECTS DO YOU COVER IN THIS DIRECT TESTIMONY?

A. This volume of my direct testimony will cover cost of capital. The appropriate return on equity for JW Wastewater is based on an investment in that entity. I have not evaluated the Applicants individually as stand-alone companies. My recommendations for the Applicants are the same for JW Wastewater. For convenience, I will generally refer to JW Wastewater only in this version of my testimony.

Q. HAVE YOU PREPARED ANY TABLES AND EXHIBITS TO ACCOMPANY YOUR TESTIMONY?

A. Yes. I have prepared 11 tables that support my testimony. I also sponsor exhibits TJB-COC-DT1, TJB-COC-DT2, and TJB-COC-DT3, that also support my testimony. Exhibit TJB-COC-DT1 contains my work summary. Exhibit TJB-COC-DT2 contains my risk study for JW Wastewater. Exhibit TJB-COC-DT3 contains my size premium study for JW Wastewater and the proxy group.

Q. PLEASE DESCRIBE HOW YOUR TESTIMONY IS ORGANIZED.

A. My testimony is organized as follows:

- Section I – summary of my analysis and my approach.
- Section II – discussion on the meaning of just and reasonable rates.
- Section III – overview of the risk and expected return on investment.
- Section IV – discussion on the sample of seven publicly traded water/sewer and gas utilities in my sample group, a comparison of the sample group to JW Wastewater, and recent developments in the water and sewer utility industry and their impact on investments.
- Section V – overview of each of the methods (Discounted Cash Flow and Risk Premium including the Capital Asset Pricing Model) that I employ in my analysis.
- Section VI – discussion of the additional business risks faced by JW Wastewater, my comparative risk study, and my recommended risk premium for JW Wastewater.
- Section VII – summarization of my testimony and the equity costs of the proxy group and JW Wastewater.

Q. BRIEFLY SUMMARIZE YOUR FINDINGS CONCERNING JW WASTEWATER'S COST OF COMMON EQUITY AND COST OF CAPITAL.

A. I have determined that the cost of equity for the publicly traded proxy utilities falls in the range of 10.40% to 10.70% with an average of 10.60%. After considering differences in financial risk and investment risk between JW Wastewater and the proxy group utilities, I am recommending the adoption of a return on equity ("ROE") of 10.80% for JW Wastewater. My recommendation is based on consideration of

(i) cost of equity estimates using a Discounted Cash Flow ("DCF") and three risk premium (or "RP") methods (Capital Asset Pricing Model ("CAPM") is one of the RP methods) using a sample group of publicly traded utilities providing water, sewer and/or gas services), (ii) my review of the economic conditions expected to prevail during the period in which new rates will be in effect, (iii) my experience and judgments about the risks associated with relatively small utilities like JW Wastewater that are not captured by typical cost of capital analyses and market data of the publicly traded utilities, (iv) the financial risk associated with the level of debt in JW Wastewater's proposed recommended capital structures, and (v) additional, specific business and operational risks faced by JW Wastewater.

The results of the DCF and RP methodologies were adjusted upward by 40 basis points ("bps") to account for JW Wastewater's higher than average investment risk and lower financial risk of -10 bps compared to the proxy group. I have determined that the cost of equity for the publicly traded water and gas utilities falls in the range of 10.40% to 10.70% with an average of 10.60%. After considering differences in financial risk and business risk between JW Wastewater and the publicly traded water and gas utilities, I am recommending the adoption of a ROE of 10.80% for JW Wastewater. The 10.80% ROE reflects a financial risk adjustment of -10 bps and an investment risk premium of 30 bps, for a net adjustment of 20 bps.

Q. WHAT IS THE RECOMMENDED CAPITAL STRUCTURE FOR JW WASTEWATER?

A. I have used a capital structure consisting of 40% debt and 60% equity for setting base rates in the instant case. Neither SBU nor MPU currently have long-term debt. However, the proforma capital structure is consistent with JW Wastewater's plan to concurrently seek approval to incur debt as necessary to achieve a more balanced capital structure of 60% equity and 40% debt. It is also consistent with the most recent rate order for Applicants' affiliates.[1]

Q. WHAT IS JW WASTEWATER'S PROPOSED WEIGHTED COST OF DEBT?

A. JW Wastewater's revenue requirement calculations are based on a debt cost rate of 6.34%. This is based on the expected borrowing costs for JW Wastewater's parent company, JW Water Holdings, LLC. The estimated cost of debt is based upon the yield on a 20-year U.S. treasury yield plus 150 bps.[2]

Q. WHAT IS YOUR RECOMMENDATION FOR THE WEIGHTED AVERAGE COST OF CAPITAL?

A. Based upon JW Wastewater's proposed capital structure of 40% debt and 60% equity, a cost of debt of 6.34%, and a cost of equity of 10.80%, the WACC is 9.04% (rounded) as shown in Figure 1.

FIGURE 1

	Ratio	**Rate**	**Weighted Cost**
Debt	40%	6.34%	2.54%
Equity	60%	10.80%	6.48%
Weighted Average			9.02%

Q. PLEASE SUMMARIZE THE APPROACH YOU USED TO ESTIMATE THE COST OF EQUITY FOR JW WASTEWATER.

A. The cost of equity for JW Wastewater cannot be estimated directly because there's no market data for an entity whose equity is not in the form of a publicly traded security. Consequently, I have assessed the market-based common equity cost rates of other utilities or utility holding companies for insight into a recommended common equity cost rate applicable to JW Wastewater. Critically, however, analysis

---

[1] *Picacho Water Company and Picacho Sewer* Company, Decision No. 81674 (March 10, 2026) at 74:2-9.

[2] *See* Direct Testimony of Jill Schwartz at 6:6-8.

of a proxy group serves only as a starting point. There is no real peer group for JW Wastewater and we cannot compare them to any other utilities with identical or even similar risk to JW Wastewater. This means that the proxy group's results must be adjusted to fit JW Wastewater's unique, relative financial and/or investment risks in order for the proxy group approach to be valid and credible.

II. THE MEANING OF "JUST AND REASONABLE" RATES OF RETURN.

Q. HAVE THE COURTS SET FORTH ANY CRITERIA THAT GOVERN THE RATE OF RETURN THAT A UTILITY'S RATES SHOULD PRODUCE?

A. Yes. In 1923, the U.S. Supreme Court set forth the following criteria for determining whether a rate of return is reasonable in *Bluefield Water Works and Improvement Co. v. Public Service Commission of West Virginia*, 262 U.S. 679, 692-93 (1923):

> A public utility is entitled to such rates as will permit it to earn a return on the value of the property which it employs for the convenience of the public equal to that generally being made at the same time and in the same general part of the country on investments in other business undertakings which are attended by corresponding risks and uncertainties … The return should be reasonably sufficient to assure confidence in the financial soundness of the utility, and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties. A rate of return may be reasonable at one time and become too high or too low by changes affecting opportunities for investment, the money market, and business conditions generally.

Then, in *Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 591, 603 (1944), the U.S. Supreme Court stated the following regarding the return to owners of an entity:

> [T]he return to the equity owner should be commensurate with returns on investments in other enterprises having corresponding risks. That return, moreover, should be sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and to attract capital.

In summary, under *Hope* and *Bluefield*:

(1) The rate of return should be similar to the return in businesses with similar or comparable risks;

(2) The return should be sufficient to ensure the confidence in the financial integrity of the utility; and

(3) The return should be sufficient to maintain and support the utility's credit.

Q. HAVE THESE CRITERIA BEEN APPLIED IN REGULATORY PROCEEDINGS?

A. Yes, but the application of the "reasonableness" criteria laid down by the Supreme Court has resulted in controversy. The typical method of computing the overall cost of capital is straightforward; it is the composite, weighted cost of the various classes of capital (debt, preferred stock, and common equity) used by the utility. Calculating the proportion that each class of capital bears to total capital does the weighting. The controversy exists because there is no consensus on the best method of estimating cost of equity capital. For the past three decades roughly, market-based finance models have been the primary means of estimating equity returns. This has done little to reduce controversy and there is still no universally accepted means of estimating the ROE.

The cost of capital is based on the concept of opportunity cost, i.e., the prospective return to investors must be comparable to investments of similar risk. If a utility's return is less than the returns on investments with similar risk, investors can and will invest elsewhere. This simply makes common sense. Nevertheless, as explained by Dr. Roger Morin in his book, *Modern Regulatory Finance*:

> The concept of cost of capital is firmly anchored in the opportunity cost notion of economics and is basically determined by the risk of that investment in light of alternate opportunities and equals the investors' current opportunity cost of investing in the securities of that utility. A rational investor

> is maximizing the performance of his or her portfolio only if returns expected on investor investments of comparable risk are the same. If not, the investor will switch out of those investments yielding low returns at a given risk level in favor of those investments offering higher returns for the same degree of risk. This implies that a utility will be unable to attract capital unless it can offer returns to capital suppliers comparable to those achieved on alternate competing investments of similar risk.[3]

Q. HOW DOES THE BLUEFIELD DECISION SUPPORT ADJUSTMENTS TO THE PROXY GROUP RESULTS IN ORDER TO REACH A FAIR ROE FOR JW WASTEWATER?

A. The *Bluefield* decision suggests that opportunity cost is an appropriate measure of the actual cost of common equity for a utility. This necessarily involves the direct observation of returns on equity earned by entities with comparable risk to ensure that the authorized rate of return is equivalent to the returns those entities are earning. The proxy group entities are not directly comparable to JW Wastewater, which is why adjustments are needed.

III. OVERVIEW OF THE RELATIONSHIP BETWEEN RISK AND THE EXPECTED RETURN ON AN INVESTMENT.

Q. HOW IS THE COST OF EQUITY ANALYZED?

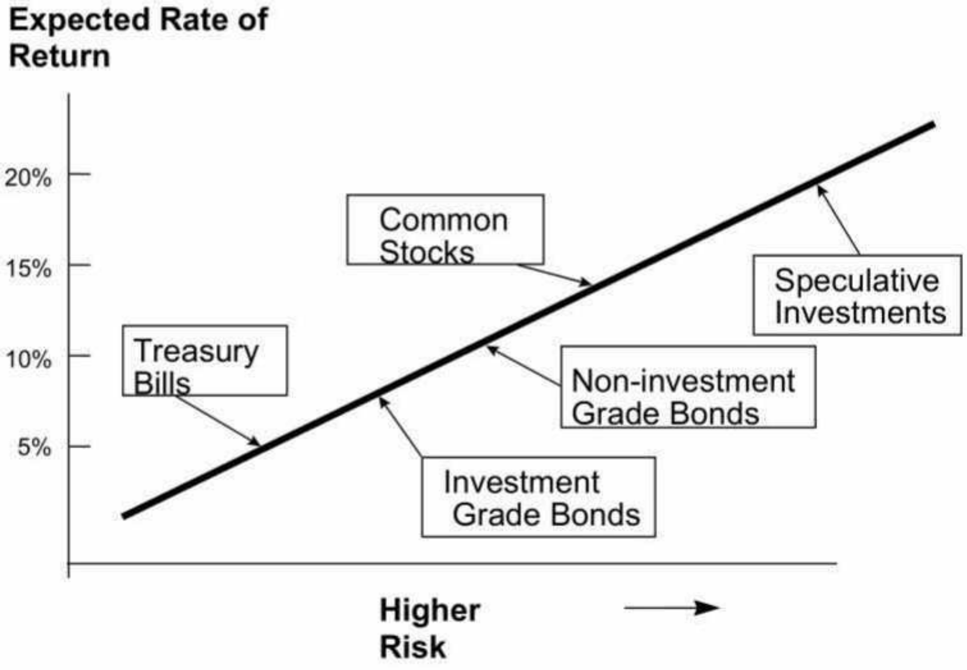
A. The cost of equity is the rate of return that equity investors expect to receive on their investment. Investors can choose from numerous investment options, not simply publicly traded stocks. Investments have varying degrees of risk, ranging from relatively low risk assets such as Treasury securities, to somewhat higher risk corporate bonds to even higher risk common stocks. As the level of risk increases, investors require higher returns on their investment. Finance models used to estimate the cost of equity often rely on this basic concept.

---

[3] Morin, Roger A., *Modern Regulatory Finance* (PUR Books, LLC, Inc. 2021) ("Morin"), p. 28.

Q. CAN YOU ILLUSTRATE THE CAPITAL MARKET RISK-RETURN CONCEPT?

A. Yes. The following graph depicts generally the risk-return relationship that has become widely known as the Capital Market Line ("CML"). The CML can be viewed as a continuum of the available investment opportunities for investors. Investment risk increases as you move upward and to the right along the CML. Again, the return required by investors increases with the risk.


The Capital Market Line (CML)

Q. HOW DOES THE RISK-RETURN TRADE OFF CONCEPT WORK IN THE CAPITAL MARKET?

A. As shown by the CML, the allocation of capital in a free-market economy is based upon the relative risk of, and expected return from, an investment. In general, investors rank investment opportunities in the order of their relative risks. Investment alternatives in which the expected return is commensurate with the perceived risk become viable investment options. If all other factors remain equal, the greater the risk, the higher the rate of return investors will require to compensate them for the possibility of loss of either the principal amount invested or the expected annual income from such investment.

Short-term Treasury bills provide a high degree of certainty and in nominal terms (after considering inflation) are considered virtually risk-free. Long-term bonds and preferred stocks, having priority claims to assets and fixed income payments, are relatively low risk, but are not risk-free. The market values of long-term bonds often fluctuate when government policies or other factors cause interest rates to change. Common stocks are higher and to the right on the CML continuum because they have greater investment risk. Common stock risk is impacted by the nature of the underlying business and the financial strength of the issuing corporation and market-wide factors, such as general changes in capital costs.

The capital markets reflect investor expectations and requirements each day through market prices. Prices for stocks and bonds change to reflect investor expectations and the relative attractiveness of one investment comparative to others. While my example may seem straightforward, returns on common stocks are not directly observable in advance in contrast to debt or preferred stocks with fixed payment terms. This means that these returns must be estimated from market data. Estimating the cost of equity capital should be a matter of informed judgment about the relative risk of the company in question and the expected rate of return characteristics of other alternative investments.

Q. HOW IS THE COST OF EQUITY DETERMINED FOR A PARTICULAR COMPANY?

A. Estimating a company's cost of equity is complex. It requires an analysis of the factors influencing the cost of various types of capital, such as interest on long-term debt, dividends on preferred stock, and earnings on common equity. The data for such an analysis comes from highly competitive capital markets, where the firm raises funds by issuing common stock, selling bonds, and by borrowing (both long-term and short-term) from banks and other financial institutions. In the capital markets, the cost of debt or equity is determined by two important factors:

(1) The pure or real rate of interest, often called the risk-free rate of interest, and

(2) The uncertainty or risk premium (or the compensation the investor requires, over and above the real or pure rate of interest for subjecting his or her capital to additional risk).

Q. PLEASE DISCUSS THESE FACTORS IN GREATER DETAIL.

A. The pure rate of interest essentially reflects both the time preference for and the productivity of capital. From the standpoint of the investor, it is the rate of interest required to induce them to forgo present consumption and offer the funds, thus saved, to others for a specified length of time. The pure rate of interest concept is based on the assumption that no uncertainty affects the investment undertaken by the individual, i.e., there is no doubt that the periodic interest payments will be made, and the principal returned at the end of the time period. In reality, investments without risk do not exist; every commitment of funds involves some degree of uncertainty.

Turning to the second factor affecting the cost of capital, it is generally accepted that the higher the degree of uncertainty, the higher the cost of capital. Investors are regarded as risk averse and require that the rate of return increase as the risks and uncertainty associated with an investment increase.

Q. CAN YOU PROVIDE SOME PERSPECTIVE ON YOUR PREVIOUS DISCUSSION WITH RESPECT TO RETURNS ON COMMON STOCKS?

A. Yes. Conceptually, the required return on common stocks can be quantified by the following equation:

[1] Required Return for Common Stocks = Return on a risk-free asset + Risk Premium

The risk premium investors require for common stocks will be higher than the risk premium they require for investment grade bonds. This relationship is depicted in the CML graph above. As I will discuss later in this testimony, this concept is the basis of risk premium methods such as the CAPM that are used to estimate the cost of equity.

Q. PLEASE DISCUSS THE IMPACT OF RISK ON CAPITAL COSTS IN MORE DETAIL.

A. With reference to specific utilities, risk consists of two separate types of risk: business risk and financial risk.

Business risk, the basic risk associated with any business undertaking, is the uncertainty associated with the enterprise's day-to-day operations. In essence, it is a function of the normal day-to-day business environment, both locally and nationally. Business risks include the condition of the economy and capital markets, the state of labor markets, regional stability, government regulation, technological obsolescence, and other similar factors that may impact demand for the business' products or services and its cost of production. For utilities, business risk also includes the volatility of revenues arising from abnormal weather conditions, degrees of operational leverage, regulation, and regulatory climate, which unfortunately also includes politics. Regulation can compound the business risk if it is unpredictable in reacting to cost increases, both in terms of the time lag and magnitude for recovery of such increases.

Financial risk, on the other hand, concerns the distribution of business risk to the various capital investors in the utility. Permanent capital is normally divided into three categories: long-term debt, preferred stock, and common equity. Because common equity owners have only a residual claim on earnings after debt and preferred stockholders are paid, financial risk tends to be concentrated in that element of the firm's capital. Thus, a decision by management to raise additional capital by issuing additional debt concentrates even more of the financial risk of the utility on the common equity owners.

Q. WHAT ARE THE DETERMINANTS OF THE RISK-FREE RATE FROM EQUATION [1]?

A. The risk-free rate can be disaggregated into a "real" rate of interest and an inflation premium (i.e., expected future inflation).

Q. WHAT ARE THE DETERMINANTS OF THE REQUIRED RISK PREMIUM FROM EQUATION [1] ABOVE?

A. The risk premium can be disaggregated into five general components: (1) Interest Rate Risk; (2) Business Risk; (3) Regulatory Risk; (4) Financial Risk; and (5) Liquidity Risk.

Interest Rate Risk refers to the variability in return caused by subsequent changes in interest rates and stems from the inverse relationship between interest rates and asset prices. For example, bond prices fall when interest rates rise and vice versa. As discussed earlier, business risk is the basic risk associated with any business undertaking.

Regulatory risk refers to the quality and consistency of regulation applied to a given regulated utility. Regulatory jurisdictions are evaluated on the basis of three major factors: (1) earnable return on equity, (2) regulatory quality, and (3) regulatory practices. Collectively, these three factors influence a utility's ability to earn its authorized return. The type of test year employed (historical or future), capital structure and rate base issues, and the length of regulatory lag are among the reasons a utility may or may not have a reasonable opportunity to earn its authorized return.

As detailed above, financial risk concerns the distribution of business risk to the various capital investors in the utility. It relates to the additional variability imparted to income available to common shareholders stemming from the entity's method of financing its capital needs.

Construction risk is an important component of financial risk. Construction risk is the risk of tying capital up in projects that are not earning returns, or not having sufficient capital to build the assets needed to keep generating returns. If an entity has a large construction budget relative to internally generated cash flows, it will require external financing, which will result in greater financial risk. It is essential that such entities have access to capital funds on reasonable terms and conditions.

Utilities are more susceptible to construction risk for two reasons. First, water and wastewater utilities generally have high capital requirements to build infrastructure to serve customers. Second, utilities have a mandate to serve, leaving less flexibility both in the timing and discretion of scheduling capital projects. This is compounded by the limited ability to wait for more favorable market conditions to raise the capital necessary to fund the capital projects, and then the lag between when capital is invested and when returns can be realized through rates. It is imperative that the utility maintain access to needed capital and on reasonable terms and conditions. The return allowed on common equity plays a critical role in determining those terms and conditions.

Although often discussed separately, business and financial risk are interrelated. A study by Scott and Martin found statistically significant results for unregulated firms in twelve industries that "smaller equity ratios (higher leverage use) are generally associated with larger companies."[4] While unregulated enterprises would be expected to seek the optimal balance between debt and equity to achieve the lowest overall cost of capital, the study's findings show that some smaller firms find it prudent to offset the adverse impacts of size on risk by reducing financial risk. In other words, JW Wastewater should not be expected to have the same amount of debt as the very large entities in the proxy group.

Finally, Liquidity Risk refers to the ability to readily convert an investment into cash without sustaining a loss. Capital market theory generally assumes that investments are liquid and observations about risk and return are drawn from information about liquid investments. Non-publicly traded or privately held investments possess little liquidity.

Q. SO, YOU BELIEVE THAT INVESTMENT RISK IS IMPACTED BY FIRM SIZE?

A. Yes. Investment risk bears a direct relationship to size and increases as firm size decreases. Investment liquidity may be a significant factor in explaining this relationship. However, the illiquidity of smaller stocks does not capture the size effect completely. Size may be a proxy for one or more true unknown factors correlated with size.[5]

---

[4] Scott, D.F. and Martin, J.D., "Industry Influence on Financial Structure," *Financial Management*, Spring 1975 ("Scott & Martin, 1975"), pp. 67-71.

[5] Rolf W. Banz, "The Relationship between Return and Market Value of Common Stocks," *Journal of Financial Economics*, March 1981, pp. 3-18.

IV. THE PUBLICLY TRADED UTILITIES THAT COMPRISE THE SAMPLE GROUP USED TO ESTIMATE THE COST OF EQUITY.

Q. BRIEFLY, WHY IS A PROXY GROUP NECESSARY FOR COMPARISON IN A COST OF CAPITAL ANALYSIS?

A. First, a fair rate of return for a specific utility is the return required by investors to hold assets with corresponding levels of risk. Market data for a sample of comparable companies provides insight into the investors' required return, and such data comports with the guidance from the U.S. Supreme Court's decisions in *Bluefield* and *Hope*, which I discussed earlier. The comparable earnings standard requires that the rate of return afforded to utilities be similar to the return for businesses with similar or comparable risks.

Second, the cost of equity is a component of the cost of service which is fairly recovered from customers through rates. This makes determining an authorized ROE that is "fair" a primary objective of rate regulation. The best estimate of that ROE is the cost of equity of JW Wastewater. For investors in JW Wastewater, the cost of equity is commensurate with returns an investor in these utilities would expect to earn from investments of comparable risk. To estimate the cost of equity requires market data that reveal investor-required returns. Since JW Wastewater is not publicly traded, there is no market information to determine the cost of equity. This necessitates the selection and use of a proxy group.

Q. THANK YOU, MR. BOURASSA. WHICH PUBLICLY TRADED FIRMS COMPRISE YOUR PROXY GROUP?

A. There are five water/wastewater utilities and nine gas distribution utilities in my proxy group. The water/wastewater utilities are: American States Water (AWR), California Water Company (CWT), Middlesex Water (MSEX), H2O America (HTO), and York Water Company (YORW). The gas utilities are: Atmos Energy

(ATO), Chesapeake Utilities (CPK), New Jersey Resources (NJR), NiSource, Inc. (NI), Northwest Natural (NWN), One Gas, Inc. (OGS), Southwest Gas (SWX), Spire, Inc. (SR), and UGI, Corp. (UGI). These firms were selected using the following criteria: (1) they are followed by the *Value Line Investment Survey*; (2) they have at least 10 years of historical financial and market information; (3) they have a *Value Line* adjusted beta; (4) they have not cut or omitted their common dividends during the five years ending 2025 or through the time of the preparation of this testimony (March 2026); (5) they have operating revenues primarily from regulated water and/or wastewater operations; and (6) at the time of the preparation of this testimony, they had not publicly announced that they were involved in a major merger or acquisition.

Q. HAVE YOU EXCLUDED ANY UTILITIES IN THE PROXY GROUP THAT YOU TYPICALLY USE IN YOUR PROXY GROUPS?

A. Yes. I have excluded American Water Works (AWK) and Essential Utilities (WTRG) because of an announced merger in October 2025 which is not yet completed.

Q. WHY HAVE YOU INCLUDED GAS DISTRIBUTION UTILITIES IN THE PROXY GROUP?

A. Including gas utilities provides a greater sample size and a broader perspective on the cost of capital. Regulated gas distribution utilities have similar risk characteristics to regulated water utilities. Both industries rely on significant infrastructure and face challenges related to resource management and environmental impact and sustainability. The market betas and debt ratings are also similar to water/wastewater entities of similar size and scope.

Q. THANK YOU. YOU TESTIFIED EARLIER THAT THE UTILITIES IN THE SAMPLE ARE NOT DIRECTLY COMPARABLE TO JW WASTEWATER. PLEASE EXPLAIN.

A. That is correct. They are utilities for which market data is available. All of them primarily provide water, sewer or gas service and their primary source of revenues is from those regulated services. They are also commonly used in regulatory proceedings where sample companies are selected to measure the cost of equity. This is why I also testified that the proxy group provides a useful *starting point* for developing the cost of equity for JW Wastewater. The differences between the proxy group firms and JW Wastewater still must be taken into account.

Q. PLEASE PROVIDE A GENERAL DESCRIPTION OF THE WATER UTILITIES IN THE PROXY GROUP.

A. Table 2 lists the ratios of regulated revenues, operating revenues, net plant, the number of customers or population served, Value Line Financial strength, Value Line betas, market capitalization, and market size category for the five water utilities. Comparative data for JW Wastewater (where available) is also shown in Table 2. The utilities in the proxy group consist of Micro-Cap to Large-Cap companies. The market capitalizations range from about $488 million to over $30 billion with an average of approximately $7.8 billion. Operating revenues range from about $78 million to over $30 billion with an average of over $2.5 billion. Net plant ranges from $570 million to over $28.5 billion with an average of about $7.8 billion. Most of these companies operate in multiple jurisdictions.

Q. HOW DOES JW WASTEWATER COMPARE WITH THE UTILITIES IN THE PROXY GROUP?

A. The utilities in the proxy group are much larger and, according to the empirical financial data, they are less risky than JW Wastewater. JW Wastewater will be much smaller with fewer customers and has far less revenues, far less net plant and a relatively small and limited service territory. JW Wastewater will have approximately 7,000 customers as compared to the average of the proxy group of over 788,000 connections. JW Wastewater's test year revenues total approximately $3.5 million and net plant was $16.1 million. The average revenues of the proxy group are over 720 times greater than JW Wastewater Those entities have on average over 484 times the net plant of JW Wastewater.

Q. WHAT IS YOUR ASSESSMENT OF THE CAPITAL MARKETS AND THE IMPACTS OF ANY SIGNIFICANT RECENT EVENTS?

A. The Federal Reserve ("Fed") moved its benchmark rate to a targeted range of 3.50% to 3.75%, following its December 2025 Fed FOMC meeting. The Fed move marks the third consecutive rate cut by the central bank following the September and October 2025 FOMC meetings. The Fed announced a 25-basis point rate cut after each of those meetings. The 3.50% to 3.75% level is closer to what would be considered a neutral rate, meaning it's neither stimulating nor slowing growth, and continued the bank's less-restrictive monetary policy course, which now includes buying back Treasury bonds. The buy-back of Treasury bonds is a quantitative-easing program that increases liquidity in the economy.[6]

Q. HAS THE FED KEPT ITS TARGET BENCHMARK RANGE SINCE THE DECEMBER 2025 FOMC?

A. Yes.

Q. HAVE LONG-TERM INTEREST RATES DECLINED SINCE THE FED RATE CUTS?

A. No. In November 2025, the 20-year and 30-year U.S. Treasury average monthly

---

[6] Value Line Selection and Opinion (December 19, 2025).

rates were 4.67% and 4.70%, respectively.[7] The recent February 2026 20-year and 30-year U.S. Treasury average monthly rates were 4.70% and 4.76%, respectively.[8] The disconnect between the federal funds rate cuts and rising long-term interest rates reflects a complex interplay of market expectations, risk assessments, and economic conditions. Change to the Fed funds rate do not necessarily translate to similar reductions in longer term rates, especially the 20-year and 30-year U.S. treasuries.

Since cost of capital estimates for stocks (*e.g.,* risk premium methods) are reflective of long-term interest rates, it is important to note that the long-term treasury yields have increased significantly over the past several years. The recent monthly average 20-year and 30-year U.S. Treasury bond yields (February 2025) reached levels of 4.70% and 4.76%, respectively, both significantly higher than they were just four years ago in November 2021 when they were 1.88% and 2.04%, respectively.

Q. HAVE THESE HIGHER INTEREST RATES LED TO HIGHER EXPECTED RETURNS ON EQUITY AFTER YEARS OF HISTORICALLY LOW INTEREST RATES?

A. Yes. Utility stocks are interest rate sensitive. Higher long-term interest rates typically lead to a higher cost of equity, as investors expect greater returns to compensate for increased risk. Unfortunately, the Commission has generally failed to recognize this fact. Despite justifying lower and lower ROEs on low interest rates for years we have not seen an increase in ROEs anywhere close to the proportionate increase we have seen in interest rates.

---

[7] Data from Federal Reserve website.

[8] *Id.*

Q. WHAT ARE THE EXPECTATIONS FOR INTEREST RATES MOVING FORWARD?

A. *Blue Chip Finance Forecasts* long-range forecasts from December 2025 projects that long-term treasuries will average 4.60% of the 2027-29 period, the period new rates are expected to be in effect.[9]

Q. WHAT ARE CURRENT SPOT YIELDS ON THE LONG-TERM U.S. TREASURIES?

A. The 20-year and 30-year U.S. bond yields on March 20, 2025 are 4.97% and 4.96%, respectively.

Q. ARE THERE QUANTITATIVE MEASURES THAT CAN BE USED TO HELP IDENTIFY DIFFERENCES IN BUSINESS RISK?

A. There are several fundamental accounting-based business risk measures that can be used to assess the relative differences between firms. Those include: (1) the co-efficient of variance of ROE; (2) the co-efficient of variance of operating income; (3) the co-efficient of variance of operating margin; and (4) Operating Leverage. The first three reflect the distributions of earnings. These are meaningful when measured against the distribution of earnings of alternative investments, like the publicly traded utilities in my proxy group. The fourth business risk measure reflects the impacts of sales fluctuations and of fixed operating costs on earnings.

The co-efficient of variance of ROE can be quantified using the following equation:

[2] Co-efficient of Variance of ROE = Standard Deviation of ROE/ Mean of ROE

---

[9] *Id.*

The co-efficient of variance of operating income can be quantified using a relatively simple equation:

[3] Co-efficient of Variance of Operating Income =

Standard Deviation of Operating Income/

Mean of Operating Income

The co-efficient of variance of operating margin can be quantified using the following equation:

[4] Co-efficient of Variance of Operating Margin =

Standard Deviation of Operating Margin/

Mean of Operating Margin

And, the Operating Leverage formula is expressed as:

[5] Operating Leverage = Change in Operating Income/

Change in Sales

Using the business risk measures expressed in equations [2], [3], and [4], the greater the co-efficient of variation or Operating Leverage, the greater the risk to investors of not receiving expected returns.[10]

These metrics, found in Exhibit TJB-COC-DT2, pages 1 and 2, show that JW Wastewater is riskier than the average of the proxy group based upon market data provided by *Kroll* (formerly Duff & Phelps). This is why my analysis for JW Wastewater indicates a 120bps to 160bps risk premium over the proxy group based upon these metrics.

---

[10] Tuller, Lawrence W., *The Small Business Valuation* (Avon, MA: Adams Media Corporation, 1994), p. 89.

Q. CAN METRICS LIKE AN ENTITY'S CO-EFFICIENT OF VARIATION IN ROE, CO-EFFICIENT IN VARIATION OF OPERATING INCOME, AND OPERATING MARGIN BE USED ALONG WITH MARKET DATA TO DEVELOP A RISK PREMIUM OVER AND ABOVE THE PROXY GROUP?

A. Yes. *Kroll* publishes comparative risk characteristics using market data that provides a nexus between a market beta and the metrics operating margin, the coefficient of variation in operating margin, and the coefficient of variation in return on equity.[11] This information can be used to develop implied betas for JW Wastewater for use in the CAPM.[12] By comparing the results of the CAPM for the proxy group with the CAPM for JW Wastewater using the implied betas, informed risk premiums can be developed. As expected, the implied beta for JW Wastewater is higher than the beta of the proxy group. Therefore, a risk premium of 40 bps over the cost of equity of the proxy group is indicated for JW Wastewater.[13] Based upon these analyses and my experience on risk premiums generally found with utilities of similar size to JW Wastewater, my 30 bps risk premium recommendation for both is very conservative under the circumstances. I will discuss the indicated risk premiums and implied betas in more detail in Section VI of this direct testimony.

Q. CAN FIRM METRICS AND SIZE CHARACTERISTICS PROVIDE INSIGHT INTO THE RELATIVE RISK PREMIUM FOR JW WASTEWATER OVER THE PROXY GROUP STRICTLY BASED UPON SIZE?

A. Yes. Using the previously discussed metrics along with size characteristics such as

---

[11] Duff & Phelps, LLC ("Duff & Phelps"), *2017 Valuation Handbook; Guide to Cost of Capital;* Hoboken, NJ: John Wiley and Sons, 2017, pp. 7-13. *See also* online at www.kroll.com*: Kroll* Cost of Capital Navigator platform ("*Kroll Cost of Capital Navigator*").

[12] *See* Exhibit TJB-COC-DT2, pages 1 and 2.

[13] *See* Exhibit TJB-COC-DT2, page 4.

book equity, total assets, earnings before taxes, interest, depreciation and amortization ("EBITDA"), and sales, an adjusted risk premium can be developed based upon size. An adjusted risk premium based upon size for the proxy group (discussed later in my testimony) and JW Wastewater is present in Exhibit TJB-COC-DT3. Using market data regression equations provided by *Kroll,* I estimate the adjusted size premium for the proxy group is 251 bps (used in the modified CAPM discussed later in my testimony). These same analyses indicate the market size premium for JW Wastewater is 546 bps or a size premium over the proxy group of 295 bps (546 bps – 295 bps).[14]

Q. IS THERE A RELATIONSHIP BETWEEN AN ENTITY'S CAPITAL STRUCTURE AND ITS COST OF EQUITY?

A. Yes, when an entity engages in debt financing it exposes itself to greater risk. As debt grows relative to the total capital structure, the risk increases in a geometric fashion compared to the linear percentage increase in the debt ratio itself. This risk is illustrated by considering the effect of leverage on net earnings. For example, as leverage increases, the equity ratio falls. This creates two adverse effects. First, equity earnings decline rapidly and may even disappear. Second, the "cushion" of equity protection for debt falls. A decline in the protection afforded to debt holders, or the possibility of a serious decline in debt protection, will act to increase the cost of debt financing. Therefore, one may conclude that each new financing, whether through debt or equity, impacts the marginal cost of future financing by any alternative method.

For an entity already perceived as being over-leveraged, this additional borrowing would cause the marginal costs of both equity and debt to increase. On

---

[14] *See* Exhibit TB-COC-DT3, page 2.

the other hand, if the same entity instead successfully employed equity funding, this could reduce the real marginal cost of additional borrowing, even if the equity issuance occurred at a higher unit cost than an equivalent amount of debt.

Q. HOW DO THE CAPITAL STRUCTURES OF THE PROXY GROUP COMPARE TO THE RECOMMENDED CAPITAL STRUCTURE FOR JW WASTEWATER?

A. Table 3 shows the 40% debt and 60% equity capital structure used to develop the cost of capital for JW Wastewater. The average of the proxy group is approximately 50% equity and 50% debt. Having less debt in its capital structure implies that JW Wastewater has lower financial risk than those in the proxy group. However, a 40% debt level is, in my expert opinion, the maximum debt thickness appropriate for JW Wastewater. Smaller companies should have less leverage in their capital structures as a means of offsetting higher business risk with lower financial risk.[15]

Q. ARE YOU RECOMMENDING A FINANCIAL RISK ADJUSTMENT?

A. Yes. I am recommending a -10 bps reduction for financial risk for JW Wastewater based upon the Hamada method.[16]

V. OVERVIEW OF THE DCF AND RP METHODS.

Q. PLEASE EXPLAIN THE GENERAL APPROACHES TO ESTIMATING THE COST OF CAPITAL.

A. There are two broad approaches:

(1) identify comparable-risk sample companies and estimate the cost of capital directly, or

(2) find the location on the CML and estimate the relative risk of the entity, which jointly determines the cost of capital.

---

[15] Scott & Martin, 1975, pp. 67-71.

[16] Hamada, Robert S., "The Effect of the Firm's Capital Structure on the Systematic Risk of Common Stocks," *The Journal of Finance*, Vol. 27, No. 2, pp. 435-452.

The DCF method falls into the first approach. It is a direct method but uses only a subset of the total capital market evidence. The DCF rests on the premise that the fundamental value of an asset (i.e., stock) is its ability to generate future cash flows to the owner of that asset. The DCF is simply the sum of a stock's expected dividend yield and the expected long-term growth rate. Dividend yields are readily available, but long-term growth estimates are not. I will explain the DCF in greater detail later.

The RP methods fall into the second approach. An equity risk premium is established by determining the relationship between the cost of equity and an interest rate over time. The CAPM method is an RP method and generally assumes that the past correlation will continue. The RP generally uses a small subset of the capital market evidence whereas the CAPM uses information on all securities, rather than a small subset. The RP methods reflect a risk-return relationship, often depicted graphically as the CML, and I will explain the RP methods in more detail later.

In the final analysis, these methods are used to measure investor expectations. ROE estimates are inherently subjective but still must be based on sound, informed judgment supported by competent evidence. I have applied one version of the DCF and three versions of RP method, including the CAPM. These methods provide the foundation for evaluating the fair cost of equity capital for the publicly traded water and gas utilities in my proxy group. Adding a risk premium to the results then accounts for the differences in risk (business, regulatory, liquidity, size) between the proxy group and JW Wastewater. As already mentioned, this risk premium is offset by financial risk adjustment due to the proposed capital structure.

Q. PLEASE EXPLAIN THE DCF METHOD OF ESTIMATING THE COST OF EQUITY.

A. The DCF model is based on the concept that the current price of a share of stock is equal to the present value of future cash flows from the purchase of the stock. In other words, the DCF model seeks to replicate the market valuation process that sets the price investors are willing to pay for a share of an entity's stock. It rests on the assumption that investors rely on the expected returns (i.e., cash flow they expect to receive) to set the price of a security. The DCF model in its most general form is:

$$[6]\ \ P_0 = CF_1/(1+k) + CF_2/(1+k)^2 + \ldots. + CF_n/(1+k)^n$$

where k is the cost of equity; n is the number of years; P_0 is the current stock price; and CF_1 through CF_n are the expected future cash flows expected to be received in periods 1 through n.

Equation [6] can be written to show that the current price (P0) is also equal to

$$[7]\ \ P_0 = CF_1/(1+k) + CF_2/(1+k)^2 + \ldots + P_t/(1+k)^t$$

where Pt is the price expected to be received at the end of the period t. If the future price (P_t) included a premium, such as an expected increase in the stock price or capital gain, the price the investor would pay today in anticipation of receiving that premium would increase. In other words, by estimating the cash flows from the purchase of a stock in the form of dividends and capital gains, we can calculate the investor's required rate of return, which is the rate of return an investor presumptively used in bidding the current price to the stock (P_0) to its current level.

Equation [7] is a Market Price version of the DCF model. As with the general form of the DCF model in equation [6], the current stock price (P_0) is the present value of the expected cash inflows in the Market Price approach. The cash flows are comprised of dividends and the final selling price of the stock. The estimated cost of equity (k) is the rate of return investors expect if they bought the stock at today's price, held the stock and received dividends through the transition period, and then sold it for price in period t (P_t).

Q. CAN YOU PROVIDE AN EXAMPLE TO ILLUSTRATE THE MARKET PRICE VERSION OF THE DCF MODEL?

A. Yes. Assume an investor buys a share of common stock for \$40.00. If the expected dividend during the coming year is \$2.00, then the expected dividend yield is 5% (\$2.00/\$40.00 = 5.0%). If the stock price is also expected to increase to \$43.00 after one year, this \$3.00 expected gain adds an additional 7.5% to the expected total rate of return (\$3.00/\$40.00 = 7.5%). Thus, the investor buying the stock at \$40.00 per share expects a total return of 12.5% (5% dividend yield plus 7.5% price appreciation). The total return of 12.5% is the appropriate measure of the cost of capital because this is the rate of return that caused the investor to commit \$40.00 of capital by purchasing the stock.

Q. PLEASE CONTINUE WITH YOUR DESCRIPTION OF THE DCF MODEL.

A. Under the assumption that future cash flow is expected to grow at a constant rate ("g"), equation [6] can be solved for k and rearranged into the simple form:

$$[8]\ k = CF_1/P_0 + g$$

where CF_1/P_0 is the expected dividend yield (also expressed as D_0/P_0) and g is the expected long-term dividend (price) growth rate. The expected dividend yield is computed as the ratio of next period's expected dividend ("D_1") divided by the current stock price ("P_0").

This form of the DCF model is known as the "constant growth" DCF model and recognizes that investors expect to receive a portion of their total return in the form of current dividends and the remainder through future dividends and capital price appreciation. A key assumption of this form of the model is that investors expect that same rate of return (k) every year and that market price grows at the same rate as dividends. As already discussed, this has not been historically true for the utilities in the proxy group as shown by the data in Table 4.

Q. ARE THERE ANY CONCERNS ABOUT APPLYING THE DCF MODEL TO UTILITY STOCKS?

A. Yes, there are several concerns. First, a non-publicly traded company does not have a stock market price. Using the stock prices from a proxy group assumes that JW Wastewater's stock would be similarly priced and has a dividend yield like the publicly traded proxy companies. Second, the stock price and dividend yield components may be unduly influenced by structural changes in the industry, such as mergers and acquisitions, which influence investor expectations. Third, the DCF model is based on several assumptions that cannot be consistently relied on in an ever-changing capital market environment. The traditional DCF model assumes that the market price per share ("MPPS"), book value per share ("BVPS), earnings per share ("EPS"), and dividends per share ("DPS") all grow at the same rate. This has not been historically true for the utility companies in the proxy group. For example, Table 4 shows that over the past five years the average MPPS growth has significantly exceeded the average BVPS, EPS, and DPS. Consequently, the expected equity returns suggested by the market based DCF model do not line up with recent experience in the markets. As Dr. Morin notes:

> To the extent that increases (decreases) in relative market valuation are anticipated by investors, especially myopic investors with short-term investment horizons, the standard DCF model will understate (overstate) the cost of equity.[17]

Another way of stating this point is that the DCF model does not account for the ebb and flow of investor sentiments over the course of the business cycle.

Fourth, the assumption of a constant growth rate may be unrealistic, and there may be difficulty in finding an adequate proxy for the growth rate. Historical growth

---

[17] Morin, p. 481.

rates can be downward biased because of the impact of anemic historical growth rates in earnings, mergers and acquisitions, restructuring, unfavorable regulatory decisions, and even abnormal weather patterns.

Fifth, the application of the DCF model produces estimates of the cost of equity that are consistent with investor expectations *only* when the market price of a stock and the stock's book value are approximately the same. The DCF model will understate the cost of equity when the market-to-book ratio exceeds 1.0 and, conversely, the model will overstate the cost of equity when the market-to-book ratio is less than 1.0. The reason for this is that the market-derived return produced by the DCF is often applied to book value rate base by regulators.

Q. THANK YOU. WHAT DATA HAVE YOU USED TO COMPUTE THE EXPECTED DIVIDEND YIELD (D_1/P_0) IN THE DCF MODEL?

A. First, I computed a current dividend yield (D_0/P_0). The time value of money should be considered when determining dividend yields. This adjustment is required because the basic model assumes dividends are paid once a year, but investors receive dividend payments on a quarterly basis. Prices they pay for the stock (P_0) would reflect the anticipated payment and potential re-investment of quarterly dividends. To approximate the time value of money and the payment of quarterly dividends, I computed expected dividend yield (D_1/P_0) as the current dividend yield (D_0/P_0) times one plus the growth rate (g) divided by 2. I used the spot price for each of the stocks of the proxy group utilities as reported by the Value Line Investment Analyzer on March 20, 2026 for P_0. The current dividend (D_0) is the current indicated dividend as reported by *Value Line*. In my tables, the current dividend yield is denoted as (D_0/P_0), where D_0 is the current dividend and P_0 is the spot stock price. (D_1/P_0) is used to denote the expected dividend yield in the tables.

Q. WHAT MEASURES OF GROWTH ("G") HAVE YOU USED?

A. My estimates of growth are based upon analysts' estimates of growth. For my forecast growth estimate, I have used the growth forecasts from *Value Line*, *Zacks Investment Research*, and *StockAnalysis.com*. I report the analysts' forecasts of future growth in Table 4.

Q. WHY DID YOU USE FORECASTED GROWTH RATES FOR YOUR GROWTH ESTIMATES?

A. The empirical evidence indicates that analyst estimates of EPS growth are the best measure of growth for use in the DCF for utility stocks.[18] Also, the DCF model requires estimates of growth that investors expect in the future and not past estimates of growth that have already occurred. Logically, in estimating future growth, financial institutions and analysts have considered all relevant historical information on an entity, as well as other more recent information.[19] To the extent that past results provide useful indications of future growth prospects, analysts' forecasts would already incorporate that information. In addition, the current price of a stock reflects known historical information on that entity, including its past earnings history. Any further recognition of the past will double count what has already

---

[18] Gordon, David A., Gordon, Myron J. and Gould, Lawrence I., "Choice Among Methods of Estimating Share Yield," *Journal of Portfolio Management*, Spring 1989 ("Gordon, Gordon & Gould"), pp. 50-55. Gordon, Gordon and Gould found that a consensus of analysts' forecasts of earnings per share growth for the next five years provides a more accurate estimate of growth required in the DCF model than three different historical measures of growth (historical EPS, historical DPS, and historical retention growth). They explain that this result makes sense because analysts would take into account such past growth as indicators of future growth as well as any new information. Other studies confirm the superiority of analysts' estimates such as Vander Weide, James H. and Carleton, Willard T., "Investor Growth Expectations: Analysts vs. History," *Journal of Portfolio Management*, Spring 1988, pp. 78-87; Brown, Lawrence D. and Rozeff, Michael S., "The Superiority of Analyst Forecasts as Measures of Expectations: Evidence from Earnings," *Journal of Finance*, March 1978, pp. 1-16; Timme, Stephen G. and Eisemann, Peter C., "On the Use of Consensus Forecasts of Growth in the Constant Growth Model: The Case for Electric Utilities," *Journal of Financial Management*, Winter 1989, pp. 23-35. A 2004 study by the Kentucky Public Service Commission Advance Research Center updated the study by Vander Weide and Carleton (1988) and confirmed the superiority of analyst estimates over historical averages.

[19] Gordon, Gordon & Gould, p. 54.

occurred. Using forward-looking growth rates eliminates all of these concerns.

Q. DID YOU APPLY A REASONABLENESS TEST TO THE INDIVIDUAL RESULTS OF THE DCF?

A. Yes. DCF results that are less than the forecast Baa investment grade bond yield plus 100 bps or 7.2% are excluded. An indicated return of 7.2% is the minimum plausible expected cost of equity. The test of reasonableness approach is consistent with methods the Federal Energy Regulatory Commission ("FERC") adopted in the past. I believe it is also consistent with common business sense.[20]

Q. PLEASE SUMMARIZE THE EQUITY COST ESTIMATES FROM THE DCF.

A. In Table 6, my DCF estimate for the cost of equity of the proxy group is 10.70%. For JW Wastewater, my estimate is 10.90% as shown in Table 1.

A. <u>Explanation of the RP and Its Inputs</u>.

Q. PLEASE EXPLAIN THE RP METHODOLOGY FOR ESTIMATING THE COST OF EQUITY.

A. The RP method is sometimes referred to as the "bond yield plus risk premium method." The general approach is to determine the spread between the return on debt and the return on equity, and then add this spread to the current debt yield to derive an estimate of the cost of equity. To implement the RP, it is assumed that the past relationship will continue. The RP is widely used by analysts and investors.

The RPM formula provides a formal risk-return relationship and is stated as:

$$(9)\quad k = K_d + \text{bond-equity spread}$$

where k is the expected return on equity and K_d is the cost of debt or debt yield.

---

[20] In its 2008 Order for Southern California Edison, 122 FERC ¶ 61187 (Docket ER-08-375-000), the FERC excluded any company whose low-end ROE fails to exceed the average bond yield by about 100bps, or more. This procedure was also referred to in rehearing FERC 131 ¶ 61,020, p. 24.

Q. HOW MANY RP ANALYSES HAVE YOU PERFORMED?

A. I performed two RP analyses, not including the CAPM. My first analysis is presented in Table 8. In this RP analysis I examine the RPs implied by the return on equity allowed by regulatory commissions for gas utilities over the period 1986 to 2024 over the contemporaneous levels of the 30-year U.S. Treasury bond yield. I regressed this data to determine the statistical relationship between the RP and interest rates (YIELD). The following statistical relationship emerges:

$$RP = 0.080423 - 0.47275x(YIELD) \qquad R^2 = 0.869$$

The relationship is highly statistically significant and indicated by the high R^2. This RP analysis indicates a cost of equity of 10.47% for the proxy group. JW Wastewater's indicated cost of equity is 10.67% as shown in Table 1.

Q. PLEASE EXPLAIN YOUR SECOND RP ANALYSIS.

A. The second RP analysis is presented in Table 9. For the period 1977 to 2024, I subtract average annual long-term U.S. Treasury returns from returns of the S&P 500 Utility Index to determine the annual risk premium for each year. I averaged the risk premium this period which is then adjusted to reflect the estimated impact on the risk premium due to the difference between the average interest rate over the periods and the current forecast estimate for interest rates. I adjusted the historical risk premium because of the abundance of academic research that supports the notion that the risk premiums on utility stocks are inversely related to interest rates. That said, the adjusted risk premium is then added to the average expected long-term U.S. Treasury yield (2027-2029) of 4.6% from Table 7 to estimate the cost of equity. This RP analysis indicates a cost of equity of 10.70% for the proxy group. JW Wastewater's indicated cost of equity is 10.90% as shown in Table 1.

Q. SHOULD ANALYSES USING HISTORIC RISK PREMIUMS RELY ON ARITHMETIC AVERAGE RETURNS OR ON GEOMETRIC AVERAGE RETURNS?

A. In my opinion, only arithmetic average returns should be used when relying on historical risk premiums over long periods for forecasting and estimating the cost of capital. As various finance experts have explained, an arithmetic mean is the correct approach to use in estimating the cost of capital, particularly for a risk premium model.[21] As Dr. Morin states:

> Because valuation is forward-looking, the appropriate average is the one that most accurately approximates the expected future rate of return. *The best estimate of the expected returns over a future holding period is the arithmetic average. Only arithmetic means are correct for forecasting purposes and for estimating the cost of capital.* There is no theoretical or empirical justification for the use of geometric rates of return as a measure of the appropriate discount rate in computing the cost of capital or in computing present values.[22]

The consensus among these experts makes sense. Only arithmetic mean return rates and yields are appropriate for cost of capital purposes because ex-post (historical) total returns and equity risk premiums differ in size and direction over time, providing insight into the variance and standard deviation of returns. The geometric mean of ex-post (after the fact) equity risk premiums provides no insight into the potential variance of future returns because the geometric mean relates the change over many periods to a constant rate of change, rather than the year-to-year

---

[21] Zvi Bode, Alex Kane, Alan J. Marcus, *Investments* (McGraw-Hill 6th ed., 2005), pp. 864-865; Richard A. Brealey, Stewart C. Myers, Frankin Allen, *Principles of Corporate Finance* (McGraw-Hill 11th ed.), pp. 162-163; Kaplan, P. "*Why the Expected Rate of Return is an Arithmetic Mean*," Business Valuation Review, Sep. 1995, pp. 126-129; Morningstar, *Ibbotson SBBI 2013 Valuation Yearbook* ("Morningstar"), pp. 56-57; Kipp, Martin and Koziol, Christian, "*Which is the Correct Discount Rate? Arithmetic Versus Geometric Mean,*" Credit and Capital Markets, Volume 53, Issue 3, pp. 355–381; Pratt, Shannon P. and Grabowski, Roger A., *Cost of Capital: Applications and Examples*, 5th Ed., John Wiley and Sons, pp. 158-159.

[22] Morin, p. 132 (emphasis added).

fluctuations, or variance, which are critical to risk analysis. In short, the conclusion of these financial experts is that, while the geometric mean is useful in comparing what happened in the past, it should not be used to determine estimates of expected future returns or market risk premiums.

Q. ARE RISK PREMIUMS FOR UTILITIES CORRELATED WITH INTEREST RATES?

A. Yes. Utility stocks are interest rate sensitive and vary inversely with interest rates. Dr. Morin found this inverse relationship between risk premiums and interest rates and reported it in Chapter 5 of his 2021 book, *Modern Regulatory Finance*. He stated a risk premium technique that can be used to determine the cost of equity "consists of examining the risk premiums implied in returns on equity allowed by regulatory commissions for utilities over some past period relative to the contemporaneous level of the long-term Treasury bond yield."[23] Professor Morin reports the following statistical relationship between risk premiums (RP_m) and long-term Treasury bond yields (Yield) for the period 1986 to 2019 for electric utilities:

$$RP_m = 8.1200 - 0.4603 \times \text{Yield, with } R^2 = 0.83.$$

The slope was found to be statistically significantly less than zero (i.e., the t-statistic was - 8.4). In his analysis, annual averages of allowed equity returns reported by Regulatory Research Associates were adopted as the proxies for equity costs. This risk premium method is presented by Dr. Morin in Section 5.5 of his book. Dr. Morin also cites numerous other empirical studies that confirm risk premiums vary with interest rates.[24]

---

[23] Morin, p. 144.

[24] Morin, p. 145.

Q. HAVE OTHERS FOUND AN INVERSE RELATIONSHIP BETWEEN RISK PREMIUMS AND INTEREST RATES?

A. Yes. Harris and Marston, "Estimating Shareholders Risk Premia Using Analysts' Growth Rates," *Financial Management*, Summer 1992 found an inverse relationship. In Decision 97-12-089, which established the cost of equity for Pacific Gas & Electric Company ("PG&E"), the California Public Utilities Commission ("CPUC") found that costs of equity for energy utilities move in the same direction as interest rates, but to a lesser degree. In Decision 02-11-027, an interim opinion on rates of return on equity for PG&E, Southern California Edison Company, Sierra Pacific Power Company, and San Diego Gas & Electric Company for the year 2003, the CPUC confirmed that its practice is to adjust ROEs for energy utilities by one-half to two-thirds of the change in the benchmark interest rate.[25]

Q. LET'S TURN TO THE CAPM. PLEASE EXPLAIN THE CAPM METHODOLOGY FOR ESTIMATING THE COST OF EQUITY.

A. The CAPM was developed by William Sharpe and John Lintner in the mid-1960s and is a common topic in college finance textbooks. Like all RP methods, the CAPM is the sum of a risk-free rate plus a risk premium. Like the RPM, it quantifies the additional return required by investors for bearing incremental risk. The CAPM provides a formal risk-return relationship premised on the idea that only market risk matters, as measured by beta. The traditional version of CAPM is represented by the formula:

$$[10] \quad k = R_f + \beta(R_m - R_f)$$

where k is the expected return, R_f is the risk-free rate (or zero beta asset), R_m is the market return, (R_m-R_f) is the market risk premium, and β is beta.

---

[25] CPUC Decision 02-11-027, p. 20.

Q. WHAT IS BETA AND WHAT DOES IT ESTIMATE?

A. Beta is a measure of the relative risk of a security in relation to the market. In other words, it is a measure of the sensitivity of a security to the market. This sensitivity is also known as systematic risk. It is estimated by regressing a security's excess returns against a market portfolio's excess returns. The slope of the regression line is beta.

Beta for the market is 1.0. A security with a beta greater than 1.0 is considered riskier than the market. A security with a beta less than 1.0 is considered less risky than the market.

Q. ARE THERE ANY CONCERNS ABOUT APPLYING THE TRADITIONAL CAPM TO UTILITY STOCKS?

A. Yes, mechanical application of the model often produces unreasonable results. The traditional CAPM only captures a single measure of systematic risk as measured by beta, but there are other forms of systematic risk priced by the market. Size is one such risk. A size premium is necessary because the empirical evidence indicates that beta alone does not measure the risk of smaller companies.[26] Additionally, there are computational problems surrounding beta since it depends on the return data, the period used, its duration, the choice of the market index, and whether annual, monthly, or weekly return figures are used. Betas are estimated with error. Based on empirical evidence, high betas will tend to have a positive error (risk is overestimated) and low betas will have a negative error (risk is underestimated).[27]

---

[26] Duff & Phelps *2018 Valuation Handbook*, Chapter 2, p. 7.

[27] Fama, Eugene F. and Kenneth R. French, "The Capital Asset Pricing Model: Theory and Evidence," *Journal of Economic Perspectives*, Summer 2004, pp. 25-46.

Q. ARE THERE ALTERNATIVES TO THE TRADITIONAL CAPM?

A. Yes, alternative versions of the CAPM have been developed that provide more robust explanations of returns required by investors. A version of the CAPM called the Empirical CAPM or ECAPM was developed to recognize that estimations of R_f are higher than the return on long-term Treasuries. Dr. Roger Morin discusses ECAPM on pages 220-223 of his book, *Modern Regulatory Finance*. The ECPAM is represented as follows:

$$[11]\ k = R_f + .25(R_m - R_f) + .75\beta(R_m - R_f)$$

The ECAPM was developed from the empirical findings that show the slope of the CML is flatter and the risk-free rate is at a higher point than predicted by the pure CAPM. The ECAPM has been shown to do a better job at predicting market returns.[28]

Kroll also suggests a version of the CAPM in which a size premium is included.[29] This modified CAPM or MCAPM is represented as follows:

$$[12]\ k = R_f + \beta(R_m - R_f) + RP_s$$

where k is the expected return, R_f is the risk-free rate (or zero beta asset), R_m is the market return (R_m-R_f), is the market risk premium, β is beta, and RP_s is the size premium. Both the ECAPM and MCAPM recognize the pure CAPM is incomplete and does not fully account for the higher returns that are needed on smaller company stocks. In other words, the higher risks associated with smaller firms are not fully accounted for by beta.[30]

---

[28] Morin, pp. 220-223.

[29] Duff & Phelps *2018 Valuation Handbook*, Chapter 2, p. 14.

[30] Morningstar, pp. 85-88. *See also* Morin, pp. 213-218.

Q. EXCUSE ME, MR. BOURASSA, BUT WERE THESE ALTERNATIVE RP METHODS DEVELOPED BY THE REGULATED UTILITY INDUSTRY BECAUSE THE CAPM WAS RESULTING IN LOWER RETURNS THAN SHAREHOLDERS DESIRED?

A. No. They were developed to address the shortcomings of the traditional CAPM as I discussed above.

Q. THANK YOU. IS FIRM SIZE A UNIQUE OR NON-SYSTEMATIC RISK?

A. No, firm size is a systematic risk factor and is an adjustment to the pure CAPM.[31] Putting aside the empirical financial data, the need for a risk premium for size makes sense. Firm size is a significant element of business risk for which investors expect to be compensated through greater returns. As discussed earlier, smaller companies are simply less able to cope with significant events that impact sales, revenues, and earnings. For example, smaller companies face more risk exposure to business cycles and economic conditions, both nationally and locally. Additionally, the loss of revenues from a few larger customers would have a greater effect on a small entity than on a much larger entity with a larger, more diverse customer base. Moreover, smaller companies are generally less diverse in their operations and have less financial flexibility.

Q. BUT ISN'T JW WASTEWATER OWNED BY A SHAREHOLDER WITH SIGNIFICANT FINANCIAL HOLDINGS?

A. That is not relevant. Rate cases require us to determine the cost of capital for the regulated utility. This is not about the investor. All investors in Arizona regulated utilities are entitled to a fair and reasonable return on fair value rate base comparable to utilities with similar characteristics.

---

[31] Pratt, Shannon P. and Roger J. Grabowski, *Cost of Capital: Applications and Examples*, 4th Ed., John Wiley and Sons, p. 56.

Q. THANK YOU. DID YOU EMPLOY EITHER OF THESE ALTERNATIVE CAPMS (EQUATIONS [11] AND [12]) AS PART OF YOUR ANALYSIS?

A. Yes. I employed all three versions of the CAPM to estimate the cost of equity for the proxy group, which does mitigate my concerns about the traditional CAPM.

Q. WHAT IS THE RISK-FREE-RATE (R_F)?

A. It is the return on an investment with no risk. The U.S. Treasury rate serves as the basis for the risk-free rate because the yields are directly observable in the market and are backed by the U.S. government. Practically speaking, short-term rates are volatile, fluctuate widely and are subject to more random disturbances than long-term rates. In short, long-term Treasury rates are preferred for these reasons and because long-term rates are more appropriately matched to securities with an indefinite life or long-term investment horizon.

Q. WHAT DID YOU USE AS THE RISK-FREE RATE (R_F)?

A. I used the expected U.S. Long-term Treasury rate for 2025-2027 as the basis for the risk-free rate. Since the cost of capital is an opportunity cost and is prospective, it necessarily requires the use of a forward-looking bond yield. Economists expect the long-term U.S. Treasury yields to be 4.6% in 2027-2029 timeframe as shown in Table 7.

Q. WHY DO YOU USE LONG-TERM U.S. TREASURY BOND YIELDS?

A. The yields on long-term Treasury bonds align more closely with the perpetual nature of common stock investments.[32] In addition, short-term rates are more volatile, fluctuate widely and are subject to more random disturbances than long-term rates. Long-term Treasury rates are more appropriately matched to securities with an indefinite life or long-term investment horizon. For these reasons, long-term rates

---

[32] Morin, p. 112.

are preferred.

Q. WHAT DO YOU USE AS THE PROXY BETA IN THE CAPM?

A. For the CAPM and ECAPM, I used the average beta of the sample water utility companies. These betas were obtained from *Value Line Investment Analyzer* (weekly data as of November 26, 2025). *Value Line* is the source for estimated betas that I regularly employ. The average *Value Line* beta for my proxy group as shown on Table 2 is 0.78.

For the MCAPM, I use sum beta. Sum beta is an alternative method of computing betas. Since the *Kroll* size premiums are derived using sum beta, I use sum beta to be internally consistent with the size risk premiums for the proxy group derived from the *Kroll* 2024 Size Study. I computed the sum beta over a 60-month period (five years) and used the S&P 500 as the market index. Weekly data over a 5-year period is the same period used to estimate beta by *Value Line*. However, *Value Line* uses the NYSE as the market index.

I should note that because JW Wastewater is not publicly traded, JW Wastewater has no beta. In my expert opinion, I strongly believe JW Wastewater, if publicly traded, would have a higher *Value Line* beta and sum beta than the sample utility companies. *Morningstar* reports that when betas (a measure of market risk) are properly estimated, betas are greater for small companies than for larger companies.[33] *Morningstar* also finds that, even after accounting for differences in beta risk, small firms require an additional risk premium over and above the added risk premium indicated by differences in beta risk.

---

[33] Morningstar, Chapter 7.

Q. PLEASE EXPLAIN THE MARKET RISK PREMIUM.

A. The market risk premium (R_m-R_f) is the return an investor expects to receive as compensation for market risk. It is the expected market return minus the risk-free rate. Approaches for estimating the market risk premium can be historical or prospective.

Since expected returns are not directly observable, historical realized returns are often used as a proxy for expected returns on the basis that the historical market risk premium follows what is known in statistics as a "random walk." If the historical risk premium does follow the random walk, then one should expect the risk premium to remain at its historical mean. Based on this, the best estimate of the future market risk premium is the historical mean. *Kroll* provides historical market returns for various asset classes from various historical time periods. This publication also provides market risk premiums over U.S. Treasury bonds, which makes it an excellent source for historical market risk premiums.

A current market risk premium estimation approach necessarily requires examining the returns expected from common equities and bonds. One method employs application of the DCF model to a representative market index such as the *Value Line* 1700 stocks. The expected return from the DCF is measured for a number of periods of time, and then subtracted from the prevailing risk-free rate for each period to arrive at market risk premium for each period. The market risk premium that is subsequently employed in the CAPM is the average market risk premium of the overall period.

Q. HOW DID YOU ESTIMATE THE MARKET RISK PREMIUM FOR USE IN THE CAPM MODELS?

A. For the traditional CAPM and ECAPM, I averaged two market risk premium estimates: an average of an historical market risk premium (1926-2025) and a current market risk premium. For the MCAPM, I used a historical market risk premium (1963-2025) and a current market risk premium.

For the historical market risk premiums, I used the *Kroll* provided measure of the average premium of the market over long-term treasury securities from 1926 through 2025 and 1963 through 2025, both of which use the S&P 500 market index (which is considered a large-cap index). The average historical market risk premium over long-term treasury securities is 7.36% for the 1926 through 2025 period and 6.18% for the 1963 through 2025 period.

For the current market risk premium, I derived a market risk premium by first using the DCF model to compute an expected market return for each of the past 12 months using *Value Line's* projections of the average dividend yield for the dividend yield in the DCF and an average of the median EPS, DPS and BVPS growth on the *Value Line* 1700 stocks. I then subtracted the historical monthly average 30-year Treasury yield for each month from the expected market returns to arrive at the expected market risk premiums. Finally, I averaged the computed market risk premiums to determine the current market risk premium for the last 12 months, nine months, six months, three months, and the median of the last 12 months. The data and computations are shown on Table 10. The recent 12-month average current market risk premium is 5.63%. Estimates of the current market risk premium have ranged from 5.09% to 5.88% over the past 12 months. My recommended market risk premium is based on the median estimate for the last 12 months of 5.63%.

Q. WHY USE TWO DIFFERENT HISTORICAL RISK PREMIUM ESTIMATES?

A. I have typically used a historical market risk premium (1926-2025) in my CAPM and ECAPM. I concur with *Morningstar* which recommends use of a historical market risk premium based upon the longest period practicable.[34] The *Kroll* Risk Premium Report size and risk premiums are calculated over the time horizon 1963 – 2025 so I used the historical market risk premium for this period for the MCAPM.

Q. HOW DID YOU ESTIMATE THE SIZE PREMIUM FOR THE PROXY GROUP?

A. *Kroll's* Size Study categorizes companies by eight measures of size, breaking down the NYSE universe of companies into 25 size-ranked portfolios.[35] The Size Study provides two ways to match a company's size (or risk) characteristics to the appropriate size (or risk) premium – a guideline portfolio method and a regression equation method. I used the regression equation method to find the CAPM size risk premium for each of the publicly traded utilities in the proxy group for six measures of size (namely, market value of equity, book equity, market value of invested capital, 5-year average of net income, total assets, and earnings before interest, taxes, depreciation and amortization).[36] I determined the average size premium of all size measures for the proxy group and then adjusted the average size premium downward to reflect the lower risk of the proxy group compared to the companies that make up the respective size-ranked portfolios. This comparative risk study uses the fundamental measures of risk (operating margin, coefficient of variation in operating income, and coefficient of variation in return on book equity) to gauge how alike or different the proxy group is compared to the companies that make up the size-ranked portfolios in the Size Study. In the instant case, the estimated reduction in risk is -

---

[34] Morningstar, p. 59.

[35] The size measures include: 1) Market Capitalization; 2) Book Value of Equity; 3) 5-year Average Net Income; 4) Market Value of Invested Capital; 5) Total Assets; 6) 5-year Average Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA); 7) Sales; and 8) Number of Employees. *See* Duff & Phelps *2018 Valuation Handbook*, Chapter 7, p. 6.

[36] *Kroll Cost of Capital Navigator*, 2023 Supplementary Size Study data and 2023 Supplementary Data Regression Equations.

1.00%. Thus, the market risk premium for size for the proxy group is 2.51% (3.51% - 1.00%) (rounded).[37]

Q. WHAT ARE THE RESULTS OF YOUR CAPM ANALYSES?

A. In Table 11, the traditional CAPM produces an indicated cost of equity of 9.70%. The ECAPM produces an indicated cost of equity of 10.00%. The MCAPM produces an indicated cost of equity of 11.50%. The average of these three methods is 10.40%. The indicated cost of equity for JW Wastewater is 10.60%.

VI. REQUIRED RISK PREMIUM FOR JW WASTEWATER.

Q. PLEASE DISCUSS YOUR RECOMMENDED RISK PREMIUM FOR JW WASTEWATER.

A. As I testified earlier, JW Wastewater is not directly comparable to the publicly traded utilities in my proxy group. The characteristics associated with small size, such as the lack of diversification, limited revenue and cash flow, relatively small customer base, lack of investment liquidity, and earnings volatility, increase the risk faced by smaller water and wastewater utilities over the risk associated with the proxy group.

Q. **PLEASE DISCUSS FIRM SIZE RISK FOR SMALL UTILITIES.**

A. Investment risk increases as the firm size decreases, all else remaining constant. There is convincing empirical evidence that the firm size phenomenon exists. *Morningstar* reports that smaller companies have experienced market higher returns that are not fully explainable by their higher betas, and that beta is inversely related to firm size. In other words, smaller companies not only have higher betas, but also higher market returns than larger ones. Even after accounting for differences in beta risk, small companies require an additional risk premium over and above the added risk premium indicated by differences in beta risk. Dr. Thomas M. Zepp has also

---

[37] *See* Exhibit TJB-COC-DT3, page 2.

reported evidence that the investment in stocks of small water or wastewater utilities are riskier than the stocks of larger water utilities, such as those in the proxy group.[38] Additionally, the CPUC published a study that showed smaller water utilities are more risky than larger ones.[39] Based on the evidence, it is clear that investors require higher returns on small company stocks than on large company stocks.

Q. PLEASE EXPLAIN THE COMPARATIVE RISK STUDY YOU PREPARED TO DEVELOP A RISK PREMIUM FOR THE APPLICANTS.

A. The risk study I prepared for JW Wastewater is attached as Exhibit TJB-COC-DT2. To conduct my comparative risk study, I started by computing the 5-year historical operating margin, coefficient of variation of operating margin, and coefficient of variation of ROE for JW Wastewater. Operating margin is a measure of profitability. The co-efficient of variation of operating margin and ROE are measures of earnings variability. All three of these metrics are highly correlated with size and risk.

Q. THESE ARE THE METRICS YOU DISCUSSED EARLIER IN YOUR TESTIMONY?

A. Yes, on pages 20-22.

Q. THANK YOU. PLEASE CONTINUE.

A. Next, I cross-referenced these metrics with data from *Kroll Cost of Capital Navigator* Supplementary Data - Risk Study and identified the corresponding market portfolio beta for JW Wastewater and for the proxy group.[40] I then computed the relative difference in betas between JW Wastewater and the proxy group. Assuming that the relative difference in the market portfolio beta for the publicly traded

---

[38] Zepp, Thomas M., "Utility Stocks and the Size Effect – Revisited," The Quarterly Review Economics and Finance, Vol. 43, Issue 3, Autumn 2003, pp. 578-582.

[39] Staff Report on Issues Related to Small Water Utilities, June 10, 1991 and CPUC Decision 92-03-093.

[40] *Kroll Cost of Capital Navigator*, 2024 Supplementary Data - Risk Study. *See also* Exhibit TJB-COC-DT2, page 3.

companies is the same for publicly traded water/wastewater and gas utilities, I then computed implied betas for JW Wastewater using the difference in portfolio betas.[41] Finally, I used the CAPM methods to compute the indicated cost of equity for JW Wastewater and compared the results to the CAPM results for the proxy group.[42] Based upon this analysis, I conclude the indicated risk premium for JW Wastewater is 40 bps.

Q. WHAT RISK PREMIUM OVER THE PROXY GROUP RESULTS DO YOU RECOMMEND?

A. I recommend an investment risk premium of 30 bps for JW Wastewater at this time based upon the facts and circumstances in this case. This is offset by a -10 bps reduction for lower financial risk. The net risk adjustment for JW Wastewater over the results of the proxy group is 20 bps.

VII. <u>SUMMARY AND CONCLUSIONS</u>.

Q. PLEASE PROVIDE AN OVERVIEW OF YOUR RECOMMENDATIONS.

A. I recommend the Commission use the four-step method I presented above to determine the ROE for JW Wastewater.

In the first step, an average of costs of equity for a sample of 14 publicly traded utilities is determined with the DCF model and several RP models including variations of the CAPM.

In the second step, a business risk premium for JW Wastewater is determined to reflect its higher risks. Quantitative evidence based on differences in JW Wastewater's business risk metrics compared to the benchmark proxy group justifies a risk premium of 40 bps for JW Wastewater. Based upon the facts and circumstances of this case, I recommend a risk premium of 30 bps for

---

[41] *See* Exhibit TJB-COC-DT2, page 3.

[42] *See* Exhibit TJB-COC-DT2, page 4.

JW Wastewater.

In the third step, a financial risk premium for JW Wastewater is determined to reflect its lower financial risk compared to the proxy group. Using the Hamda method, I determined a -10 bps reduction is indicated and which I recommend in this case.

In the fourth step, equity costs from step one and the risk premiums from step two and three are combined to determine a fair ROE for JW Wastewater of 10.80%. I recommend the Commission adopt an ROE for JW Wastewater of no less than 10.80%.

Q. DOES THAT CONCLUDE YOUR COST OF CAPITAL DIRECT TESTIMONY?

A. Yes.

EXHIBIT
TJB-COC-DT1

RESUME OF THOMAS J. BOURASSA, CPA

EDUCATIONAL BACKGROUND

B.S. Northern Arizona University Chemistry/Accounting (1980)
M.B.A. University of Phoenix with Emphasis in Finance (1991)
C.P.A. State of Arizona (1995)
Continuing Professional Education – In areas of tax, accounting, management, economics, finance, business valuation, consulting, and ethics (80 hrs every two years)

MEMBERSHIPS

Arizona Society of CPAs
Water Utilities Association of Arizona
American Water Works Association

EMPLOYMENT EXPERIENCE

1995 – Present	CPA - Self Employed Consultant to utilities on regulatory matters including all aspects of rate applications (rate base, income statement, cost of capital, cost of service, and rate design), rate reviews, certificates of convenience and necessity (CC&N), CC&N extensions, financing applications, accounting order applications, and off-site facilities hook-up fee applications. Provide expert testimony as required. Consult on various aspects of business, financial and accounting matters including best business practices, generally accepted accounting principles, generally accepted ratemaking principles, project analysis, cash flow analysis, regulatory treatment of certain expenditures and investments, business valuations, and rate reviews. Litigation support services.
1992-1995	Employed by High-Tech Institute, Phoenix, Arizona as Controller and C.F.O.
1989-1992	Employed by Alta Technical School, a division of University of Phoenix as Division Controller.
1985-1989	Employed by M.L.R. Builders, Tampa and Pensacola, Florida as Operations/Accounting Manager
1982-1985	Employed by and part owner in Area Sand and Clay Company, Pensacola, Florida.

1981-1982	Employed by Purdue University, West Lafayette, Indiana as Teaching Assistant.

SUMMARY OF REGULATORY WORK EXPERIENCE AS SELF-EMPLOYED CONSULTANT

COMPANY/CLIENT	**FUNCTION**
Pima Utility Company ACC Docket No.	Permanent Rate Application –Sewer. Prepared schedules and testified on Rate Design, Cost of Capital.
Lago Del Oro Water Company ACC Docket No. W-01944A-25-0194	Permanent Rate Application –Water. Prepared schedules and testified on Cost of Service, Rate Design, Cost of Capital, and consolidation.
Quail Creek Water Company ACC Docket No. W-02514A-25-0192	
Ridgeview Utility Company ACC Docket No. -03861A-25-0193	
Ponderosa Utility Corp. ACC Docket No. W-01717A-25-0184	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Liberty Utilities (Litchfield Park Water and Sewer), Corp. ACC Docket Nos. W-01427A-25-0126 and SW-01428A-25-0127	Permanent Rate Application –Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.
Global Water – Santa Cruz Water ACC Docket No. W-20446A-25-0022	Permanent Rate Application –Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.
Global Water – Palo Verde Utilities ACC Docket No. SW-20445A-25-0023	
Salome Water Company ACC Docket No. W-01084A-25-0118	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Joshua Valley Utility Company ACC Docket No. W-02023A-25-0087	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Picacho Water Company ACC Docket No. W-03528A-25-0056	Permanent Rate Application –Water. Prepared schedules and testified on Cost

COMPANY/CLIENT	**FUNCTION**
	of Service, Rate Design, and Cost of Capital.
Picacho Sewer Company ACC Docket No. SW-03709A-25-057	Permanent Rate Application –Water. Prepared schedules and testified on Cost of Service, Rate Design, and Cost of Capital.
Verde Lakes Water Corporation ACC Docket No. W-02372A-24-0266	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Coldwater Canyon Water Company ACC Docket No. W-01559A-24-0262	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Thim Water Corporation Thim Utility Company Consolidation ACC Docket No. W-02372A-24-0266	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Thim Utility Co. ACC Docket No. W-03293A-23-0296	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Community Water Company of Green Valley ACC Docket No. W-02304A-24-0187	Permanent Rate Application –Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Liberty Utilities (CalPeco Electric), LLC CPUC Application No. A.24-09-010	Prepared and testified on Cost of Capital.
Sahuarita Water Company ACC Docket No. W-03718A-24-0172	Permanent Rate Application –Water. Prepared financing application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service Study, Rate Design, and Cost of Capital.
Global Water – Farmers Water Company	Permanent Rate Application –Water.

COMPANY/CLIENT	**FUNCTION**
ACC Docket No. W-01654A-24-0108	Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, and Rate Design
Liberty Utilities (Bella Vista Water) Corp. ACC Docket No. W-02465A-23-0338	Permanent Rate Application –Water and Wastewater. Prepared financing application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service Study, Rate Design, and Cost of Capital.
Liberty Utilities (Beardsley Water) Corp. ACC Docket No. W-02074A-23-0337	
Liberty Utilities (Rio Rico Water & Sewer) Corp. ACC Docket No. WS-02676A-23-0340	
Liberty Utilities (Cordes lakes Water) Corp. ACC Docket No. WS-02060A-23-0339	
Cedar Grove Water, Inc. ACC Docket No. W-20541A-24-0002	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Liberty Utilities (Electric, LLC) CPUC Application No. A.18-12-001	Prepared analysis and testified on Cost of Capital.
Thim Utility Co. ACC Docket No. W-03293A-23-0296	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Navajo Water Company ACC Docket No. W-03511A-23-0260	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Sonoita Valley Water ACC Docket No. W-020435A-23-214	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Liberty Utilities (Park Water and Apple Valley) Corp. CPUC Docket A.23-05-004	Cost of Capital. Prepared Cost of Capital analysis and testimony.

COMPANY/CLIENT	**FUNCTION**
Links at Coyote Wash ACC Docket No. SW-04210A-23-0084	Permanent Rate Application –Sewer. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Truxton Canyon Water Company ACC Docket No. W-02168A-22-0302	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Pima County v. City of Tucson, et. al. Maricopa County Superior Court Case No. CV2022-01141	Expert Witness for Pima County of City on Tucson Water Cost of Service Study and Differential Rates.
Tonto Basin Water Company ACC Docket No. W-03515A-22-0266	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
East Slope Water Company ACC Docket No. W-01906A-22-0289	Permanent Rate Application –Water. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design
Sunrise Vistas Utilities ACC Docket No. WS-03586A-22-0068	Permanent Rate Application –Water and Wastewater. Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Liberty Utilities (Gold Canyon Sewer) Corp. Liberty Utilities (Entrada Del Oro Sewer) Corp. ACC Docket No. SW-02519A-21-0361 ACC Docket No. SW-04316A-21-0359	Permanent Rate Application –Wastewater. Prepared financing application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service Study, Rate Design, and Cost of Capital.
Navajo Water Company ACC Docket No. W-03511A-21-0124	Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.

COMPANY/CLIENT	**FUNCTION**
Bensch Ranch Utilities, LLC. ACC Docket No. SW-04026A-21-0225	Permanent Rate Application –Water Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Cerbat Water Company ACC Docket No. W-02391A-21-0290	Permanent Rate Application –Water Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Liberty Utilities (CalPeco Electric, LLC) Corp. CPUC Docket A.21-05-017	Prepared Cost of Capital analysis and testimony. Assisted in tax depreciation projections and determination of projected accumulated deferred income taxes.
Double R Water Distributors, Inc. ACC Docket No. W-02821A-21-0047	Permanent Rate Application –Water Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Pine Meadows Utilities, LLC. ACC Docket No. SW-03962A-20-0079	Permanent Rate Application –Water Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Coronado Utilities, Inc. ACC Docket No. SW-04305A-20-0346	Permanent Rate Application – Wastewater Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
SaddleBrooke Utility Company ACC Docket No. SW-02849A-20-0262	Permanent Rate Application – Wastewater Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Pine Meadows Utilities ACC Docket No. SW-03926A-20-0079	Permanent Rate Application –Wastewater Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
EPCOR Arizona (Johnson Utilities) ACC Docket No. WS-02987A-20-0025	Permanent Rate Application. Water and Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate

COMPANY/CLIENT	**FUNCTION**
	Design and Cost of Service.
Beardsley Water Company ACC Docket No. W-02074A-19-0312	Permanent Rate Application –Water Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Oak Creek Water Company No. 1 ACC Docket No. W-01392A-19-0216	Permanent Rate Application –Water Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Alliant Gas ACC Docket No. G-20889A-19-0200	Permanent Rate Application – Gas Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service Study, Rate Design, and Cost of Capital.
Utility Source, LLC. ACC Docket No. WS-04235A-19-0232 ACC Docket No. WS-04235A-19-0233	Permanent Rate Application – Water and Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Liberty Utilities (Black Mountain Sewer) Corp. ACC Docket No. SW-02361A-19-0139	Permanent Rate Application –Wastewater. Prepared financing application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service Study, Rate Design, and Cost of Capital.
Pueblo Del Sol Water Company ACC Docket No. SW-02208A- 19-0140	Permanent Rate Application –Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
DS Water Company ACC Docket No. W-04049A-18-0142	Permanent Rate Application –Water Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Liberty Utilities (Electric, LLC) CPUC Application A. 18-12-001.	Prepared Cost of Capital analysis and testimony.

COMPANY/CLIENT	**FUNCTION**
Liberty Utilities (Park Water) Corp. and Liberty Utilities (Apple Valley Ranchos Water) Corp. CPUC Applications 18-05-001, et al.	Cost of Capital. Prepared Cost of Capital analysis and testimony.
Truxton Water Company ACC W-02168A-18-308	Permanent Rate Application –Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Payson Water Company ACC W-03514A-18-0230	Permanent Rate Application – Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Farmers Water Company ACC W-01654A-18-0083	Permanent Rate Application – Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Liberty Utilities (Silverleaf Water) Corp. SOAH DOCKET NO. 473-18-3006.WS Texas P.U.C. DOCKET NO. 47976	Permanent Rate Application – Water and Wastewater. Prepared financing application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Generic Proceeding - Income Tax "Savings" from reduction in Federal Income Tax Rate ACC AU-0000A-17-0379 ACC various dockets	Prepared computations of tax "savings" from the reduction in federal income tax rates and proposal for passing savings to rate payers through bill credits.
Liberty Utilities (Woodmark Sewer) Corp. Liberty Utilities (Tall Timbers Sewer) Corp. SOAH DOCKET NO. 473-17-1641.WS Texas P.U.C. DOCKET NO. 46256	Develop wastewater rates based upon water usage.
Cerbat Water Company ACC W-02391A-18-0018	Permanent Rate Application –Water. Prepared financing application. Prepared schedules and testified on Rate Base,

COMPANY/CLIENT	**FUNCTION**
	Plant, Income Statement, Revenue Requirement, and Rate Design.
Ajo Improvement Company ACC Docket No. WS-01025A-17-0361	Permanent Rate Application – Water, Wastewater, and Electric. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design,
East Slope Water Company ACC Docket No. W-02031A-17-317	Permanent Rate Application –Water Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Kachina Village Improvement District Flagstaff, Arizona	Prepared rate studies and rate designs. Participated in Board work sessions, customer work sessions, and open houses.
Liberty Utilities (Litchfield Park Water & Sewer) Corp. ACC Docket No. W-01428AA-17-0059 ACC Docket No. SW-01428AA-17-0058	Permanent Rate Application – Water and Wastewater. Prepared financing application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.
Pima Utility Company ACC Docket No. W-02199A-16-0421 ACC Docket No. SW-02199A-16-0422	Permanent Rate Application – Water and Wastewater. Prepared financing application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Valley Pioneers Water Company ACC Docket No. W-02033-16-0412	Permanent Rate Application –Water. Prepared financing application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Yarnell Water Co-Op ACC Docket No. W-02255A-16-0153	Permanent Rate Application –Water Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Oak Creek Water Company No. 1 ACC Docket No. W-01392A-16-0161	Permanent Rate Application –Water Prepared short-form schedules on Rate

COMPANY/CLIENT	FUNCTION
	Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Epcor Water Arizona ACC Docket No. W-01303A-16-0145	Permanent Rate Application – Wastewater. Prepared Reconstruction Cost New Less Depreciation Plant for use in determining fair value rate base.
Mountain Water Company Montana PUC Docket No. D2016.2.15	Testified in the matter investigating whether Mountain Water Company's rates are just and reasonable.
Turner Ranches Water and Sanitation Company ACC Docket No. W-01677A-16-0076	Permanent Rate Application –Water Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Liberty Utilities (Entrada Del Oro Sewer) Corp. ACC Docket No. W-04316A-16-0078 ACC Docket No. W-04316A-16-0085	Permanent Rate Application –Wastewater. Prepared financing application. Prepared schedules and testified on Rate Base, Original Cost Less Depreciation Plant, Reconstruction Cost New less Depreciation Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Liberty Utilities (Rio Rico Water and Sewer) Corp. ACC Docket No. WS-02676A-15-0368 ACC Docket No. WS-02676A-15-0371	Permanent Rate Application – Water and Wastewater. Prepared financing application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Liberty Utilities (Bella Vista Water) Corp. ACC Docket No. W-02465A-15-0367 ACC Docket No. W-02465A-15-0370	Permanent Rate Application – Water. Prepared financing application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Community Water of Green Valley ACC Docket No. W-02304A-15-0263	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

COMPANY/CLIENT	**FUNCTION**
Sahuarita Water Company ACC Docket No. W-03718A-15-0213	Permanent Rate Application –Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Liberty Utilities (Black Mountain Sewer) Corp. ACC Docket No. SW-0236 1A- 15-0206 ACC Docket No. SW-0236 1A- 15-0207	Permanent Rate Application –Wastewater. Prepared financing application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service Study, Rate Design, and Cost of Capital.
Tierra Buena Water Company ACC Docket No. W-02076A-15-013	Permanent Rate Application – Water. Assisted in preparation of short-form schedules.
Red Rock Utilities, LLC ACC Docket No. W-04245A-14-0295	Permanent Rate Application – Water and Wastewater. Prepared short-form schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Quail Creek Water Company ACC Docket No. W-02514A-14-0370	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Tonto Basin Water Company ACC Docket No. W-03515A-14-0310	Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Navajo Water Company ACC Docket No. W-03511A-14-304	Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Alaska Power Company Regulatory Commission of Alaska Docket No. U-14-002	Prepared schedules and testified on cost of capital.
Anchorage Municipal Light & Power	Prepared schedules and testified on cost of

COMPANY/CLIENT	FUNCTION
Regulatory Commission of Alaska Docket No. U-13-184	capital.
Liberty Utilities (Pine Bluff) Inc. Arkansas Public Service Commission Docket No. 14-020-U	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.
Abra Water Company ACC Docket No. W-01782A-14-0084	Permanent Rate Application – Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
EPCOR Water Arizona, Inc. ACC Docket No. W-01303A-14-0010	Permanent Rate Application – Prepared rate designs and cost of Service studies for Mohave Water District, Mohave Wastewater District, Paradise Valley Water District, Tubac Water District, and Sun City Water District.
Liberty Utilities (Midstates Natural Gas), Inc. Missouri Public Service Commission Case No. GR-2014-0152	Permanent Rate Application – Assist in preparing required rate application schedules for Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Hydro Resources, LLC. ACC Docket No. W-20770A-13-0313	Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and initial rates.
Little Park Water Company ACC Docket No. W-02192A-13-0336	Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Utility Source, LLC. ACC Docket No. WS-04235A-13-0331	Permanent Rate Application – Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

COMPANY/CLIENT	**FUNCTION**
Payson Water Company ACC Docket No. W-03514A-13-0111 ACC Docket No. W-03514A-13-0142	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital. Financing Application. Prepared financial ratios and debt surcharge mechanism.
Goodman Water Company	Valuation
Verde Santa Fe Wastewater ACC Docket No. SW-03437A-13-0292	Permanent Rate Application – Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Lago Del Oro Water Company ACC Docket No. W-01944A-13-0215	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.
Chaparral City Water Company ACC Docket No. W-02113A-13-0118	Permanent Rate Application – Prepared and testified on cost of service study.
Las Quintas Serenas Water Company ACC Docket No. W-01583A-13-0117	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Southwest Environmental Utilities. Inc. ACC Docket No. WS-20878A-13-0065	Certificate of Convenience and Necessity – Water and Wastewater. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and initial rates.
Litchfield park Service Company ACC Docket No. SW-01428A-13-0043 ACC Docket No. W-01428A-13-0042	Permanent Rate Application – Water and Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, Cost of Service, and Cost of Capital.
Beaver Dam Water Company	Permanent Rate Application. Prepared

COMPANY/CLIENT	**FUNCTION**
ACC Docket No. WS-03067A-12-0232	schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.
Rio Rico Utilities ACC Docket No. WS-02676A-12-0196	Permanent Rate Application – Water and Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.
Vail Water Company ACC Docket No. W-01651B-12-0339	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.
Avra Water Co-Op. ACC Docket No. W-02126A-11-0480	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.
Pima Utility Company ACC Docket No. W-02199A-11-0329 ACC Docket No. SW-02199A-11-0330	Permanent Rate Application – Water and Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital. Work on financing application.
Liberty Utilities (CalPeco Electric, LLC) CPUC Application No. A.11-20-2020	Work on preparation of permanent rate application. Prepared schedules on Rate Base, Plant, Income Statement, Revenue Requirement.
Livco Water Company ACC Docket No. SW-02563A-11-0213	Permanent Rate Application – Water and Wastewater. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Orange Grove Water Company ACC Docket No. W-02237A-11-0180	Permanent Rate Application. Prepared schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.
Goodman Water Company ACC Docket No. W-02500A-10-0382	Permanent Rate Application – Water. Prepared schedules and testified on Rate

COMPANY/CLIENT	**FUNCTION**
	Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Doney Park Water ACC Docket No. W-01416A-10-0450	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Grimmelmann, et. al. v. Pulte Home Corporation, et. al., case no. CV-08-1878-PHX-FJM, the United States District Court for the District of Arizona.	Consultant to defendant and expert witness for defendant on rates and ratemaking.
Southern Arizona Home Builders Association	Consultant on ratemaking aspects to line extension policies (electric).
H2O Water Company	Valuation
Tierra Linda HOA Water Company	Valuation
Las Quintas Serenas Water Company ACC Docket No. W-01583A-09-0589	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Coronado Utilities ACC Docket No. SW-04305A-09-0291	Permanent Rate Application – Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Little Park Water Company ACC Docket No. W-02192A-09-0531	Permanent Rate Application. Prepared schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.
Sahuarita Water Company ACC Docket No. W-03718A-09-0359	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, Cost of Service, and Cost of Capital.
Bella Vista Water Company Southern Sunrise Water Company	Permanent Rate Application – Water. Prepared schedules and testified on Rate

COMPANY/CLIENT	**FUNCTION**
Northern Sunrise Water Company ACC Docket No. W-02465A-09-0414 ACC Docket No. W-02453A-09-0414 ACC Docket No. W-02454A-09-0414	Base, Plant, Income Statement, Revenue Requirement, Rate Design, Cost of Service, and Cost of Capital.
Rio Rico Utilities, Inc ACC Docket No. WS-02676A-09-0257	Permanent Rate Application – Water and Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Litchfield park Service Company ACC Docket No. SW-01428A-09-0103 ACC Docket No. W-01428A-09-0104	Permanent Rate Application – Water and Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, Cost of Service, and Cost of Capital.
Town of Thatcher v. City of Safford, CV 2007-240, Superior Court of Arizona	Consultant to plaintiff on ratemaking and cost of service.
Valencia Water Company California Public Utility Commission Case No. 09-05-002	Cost of Capital
Valley Utilities ACC Docket No. W-01412A-08-0586	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Black Mountain Sewer Company ACC Docket No. SW-02361A-08-0609	Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Far West Water and Sewer Company ACC Docket No. WS-03478A-08-0608	Interim Rate Application (Emergency Rates)
Farmers Water Company ACC Docket No. W-01654A-08-0502	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

COMPANY/CLIENT	**FUNCTION**
Far West Water and Sewer Company ACC Docket No. WS-03478A-08-0454	Permanent Rate Application. Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design and Cost of Capital.
Ridgeline Water Company, LLC ACC Docket No. W-20589A-08-0173	Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and intitial rates.
Sacramento Utilities, Inc. ACC Docket No. SW-20576A-08-0067	Certificate of Convenience and Necessity – Wastewater. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and financing.
Johnson Utilities ACC Docket No. WS-02987A-08-0180	Permanent Rate Application. Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design and Cost of Capital.
	Participate in 40-252 proceeding.
Orange Grove Water Company ACC Docket No. W-02237A-08-0455	Permanent Rate Application. Prepared schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.
Far West Water and Sewer Company ACC Docket No. WS-03478A-07-0442	Financing Application. Prepare schedules to support application.
Oak Creek Water No.1 ACC Docket No. W-01392A-07-0679	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
ICR Water Users Association Docket W-02824-07-0388	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Johnson Utilities	Valuation consultant in the matter of the sale of Johnson Utilities assets to the

COMPANY/CLIENT	**FUNCTION**
	Town of Florence.
H2O, Inc ACC Docket No. W-02234A-07-0550	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Chaparral City Water Company ACC Docket No. W-02113A-07-0551	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Valley Utilities ACC Docket No. W-01412A-07-0561	Financing Application. Prepare schedules to support application.
Valley Utilities ACC Docket No. W-01412A-07-280	Emergency Rate Application. Prepare schedules to support application.
Valley Utilities ACC Docket No. W-01412A-07-0278	Accounting Order. Assist in preparing definition and scope of costs for deferral for future regulatory consideration and treatment.
Litchfield Park Service Company ACC Docket No. W-01427A-06-0807	Accounting Order. Assist in preparing definition and scope of costs for deferral for future regulatory consideration and treatment.
Golden Shores Water Company ACC Docket No. W-01815A-07-0117	Permanent Rate Application. Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Diablo Village Water Company ACC Docket No. W-02309A-07-0140	Off-site facilities hook-up fee application. Prepare schedules to support application.
Diablo Village Water Company ACC Docket No. W-02309A-07-0399	Permanent Rate Application (Class C). Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and

COMPANY/CLIENT	**FUNCTION**
	Cost of Capital.
Sahuarita Water Company (Rancho Sahuarita Water Co.) ACC Docket No. W-03718A-07-0687	Extension Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and financing.
Utility Source, L.L.C. ACC Docket No. WS-04235A-06-0303	Permanent Rate Application- Water and Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Tierra Buena Water Company	Valuation of Tierra Buena Water Company for estate purposes.
Goodman Water Company ACC Docket No. W-02500A-06-0281	Permanent Rate Application (Class C). Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, and Cost of Capital.
Links at Coyote Wash Utilities ACC Docket No. SW-04210A-06-0220	Certificate of Convenience and Necessity – Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
New River Utilities ACC Docket No. W-0173A-06-0171	Extension Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and financing.
Johnson Utilities ACC Docket No. WS-02987A-04-0501 Docket WS-02987A-04-0177	Extension of Certificate of Convenience and Necessity – Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
Bachmann Springs Utility ACC Docket No. WS-03953A-07-0073	Permanent Rate Application – Water and Sewer. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Avra Water Cooperative ACC Docket No. W-02126A-06-0234	Permanent Rate Application – Water. Prepared schedules and testified on Rate

COMPANY/CLIENT	**FUNCTION**
	Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Gold Canyon Sewer Company ACC Docket No. SW-025191A-06-0015	Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
State of Arizona v. Far West Water and Sewer, No. 1 CA-CR 06-0160	Expert witness on behalf of defendant in penalty phase of case.
Far West Water and Sewer Company ACC Docket No. WS-03478A-05-0801	Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Black Mountain Sewer Company ACC Docket No. SW-02361A-05-0657	Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Balterra Sewer Company ACC Docket No. SW-02304A-05-0586	Certificate of Convenience and Necessity – Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
Community Water Company of Green Valley ACC Docket No. W-02304A-05-0830	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
McClain Water Systems Northern Sunrise Water Southern Sunrise Water ACC Docket No. W-020453A-06-0251	Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
Valley Utilities Water Company ACC Docket No. W-01412A-04-0376	Off-site facilities hook-up fee application. Prepare schedules to support application.
Valley Utilities Water Company	Permanent Rate Application – Water.

COMPANY/CLIENT	FUNCTION
ACC Docket No. W-01412A-04-0376	Prepared schedules and testified on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Rate Design.
Beardsley Water Company ACC Docket No. W-02074A-04-0358	Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Pine Water Company, Inc. ACC Docket No. W-03512A-03-0279	Interim and Permanent Rate Application, Financing Application - Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Cost of Capital, and Rate Design.
Chaparral City Water Company ACC Docket No. W-02113A-04-0616	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, and Income Statement. Assisted in preparation Rate Design.
Tierra Linda Home Owners Association ACC Docket No. W-0423A-04-0075	Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
Diamond Ventures - Red Rock Utilities ACC Docket No. WS-04245A-04-0184	Certificate of Convenience and Necessity – Water and Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
Arizona-American Water Company, Inc. ACC Docket No. WS-01303A-02-0867 ACC Docket No. WS-01303A-02-0868 ACC Docket No. WS-01303A-02-0869 ACC Docket No. WS-01303A-02-0870 ACC Docket No. WS-01303A-02-0908	Permanent Rate Application Water and Sewer (10 divisions). Prepared schedules and testimony on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Rate Design.
Bella Vista Water Company, Inc. ACC Docket No. W-02465A-01-0776	Permanent Rate Application - Water. Prepared schedules and testimony on Rate

COMPANY/CLIENT	**FUNCTION**
	Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Cost of Capital and Rate Design.
Green Valley Water Company Docket (2000 Not Filed)	Permanent Rate Application. Prepared schedules and testimony on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Cost of Capital and Rate Design.
Gold Canyon Sewer Company ACC Docket No. SW-02519A-00-0638	Permanent Rate Application - Sewer. Prepared schedules and testimony on Rate Base, Plant, Revenue Requirement, and Income Statement. Assisted in preparation of Cost of Capital and Rate Design.
Rio Verde Utilities, Inc. ACC Docket No. WS-02156A-00-0321	Permanent Rate Application – Water and Sewer. Prepared schedules and testimony on Rate Base, Plant, Revenue Requirement, and Income Statement. Assisted in preparation of Cost of Capital and Rate Design.
Livco Water Company Livco Sewer Company ACC Docket No. SW-02563A-05-0820	Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Livco Water Company ACC Docket No. SW-02563A-07-0506	Permanent Rate Application – Water and Sewer. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Cave Creek Sewer Company	Revenue Requirement, Rate Adjustment and Rate Design - Sewer.
Avra Water Cooperative ACC Docket No. W-02126A-00-0269	Permanent Rate Application – Water. Assisted in preparation of Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Town of Oro Valley	Revenue Requirements, Water Rate Adjustments and Rate Design.

COMPANY/CLIENT	**FUNCTION**
Far West Water Company ACC Docket No. WS-03478A-99-0144	Permanent Rate Application – Water. Assisted in preparation of schedules for Rate Base, Income Statement, Revenue Requirement, Lead-Lag Study, Cost of Capital, and Rate Design.
MHC Operating Limited Partnership Sedona Venture Wastewater ACC Docket No. W-	Permanent Rate Application – Sewer. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
Vail Water Company ACC Docket No. W-01651B-99-0406	Permanent Rate Application. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
E&T Water Company ACC Docket No. W-01409A-95-0440	Permanent Rate Application - Water. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
New River Utility ACC Docket No. W-01737A-99-0633	Permanent Rate Application - Water. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
Golden Shores Water ACC Docket No. W-01815A-98-0645	Permanent Rate Application – Water. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
Ponderosa Utility Company ACC Docket No. W-01717A-99-0572	Permanent Rate Application – Water. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.

EXHIBIT
TJB-COC-DT2

JW Wastewater Utility Company
Comparative Risk Study

Exhibit TJB-COC-DT2

Line No.										Co-efficient
1	Operating Income EBIT ($ in millions)							5-Year	Std	of variation
2			2025	2024	2023	2022	2021	Average	Dev.	of Operating Income
3	Company[1]	Symbol								
4	American States Water	AWR	184.48	196.74	126.63	140.98	130.50	155.87	32.439	0.2081
5	California Water	CWT	323.29	117.24	182.16	162.06	206.16	198.18	77.183	0.3895
6	Middlesex	MSEX	75.08	57.97	64.75	48.36	52.33	59.70	10.582	0.1773
7	H2O America	HTO	206.43	183.91	157.35	105.88	117.67	154.25	42.690	0.2768
8	York Water Company	YORW	29.72	25.86	24.68	25.63	24.98	26.17	2.039	0.0779
9	Atmos Energy	ATO	1,742.39	1,453.95	1,273.18	1,217.77	1,102.85	1,358.03	249.461	0.1837
10	Chesapeake Utilities	CPK	269.10	189.78	168.55	155.27	134.50	183.44	51.933	0.2831
11	New Jersey Resources	NJR	518.43	407.00	406.47	378.15	218.71	385.75	107.755	0.2793
12	NiSource Inc.	NI	1,824.90	1,629.60	1,429.90	1,302.90	1,260.60	1,489.58	236.055	0.1585
13	Northwest Natural	NWN	196.99	298.29	266.34	163.12	148.35	214.62	65.250	0.3040
14	ONE Gas Inc.	OGS	478.41	449.25	418.17	376.68	366.83	417.87	47.306	0.1132
15	Southwest Gas	SWX	572.74	578.31	NM	369.55	423.00	485.90	105.790	0.2177
16	Spire Inc.	SR	703.90	633.10	587.70	610.30	503.40	607.68	72.775	0.1198
17	UGI Corp.	UGI	1,195.00	553.00	1,164.00	1,512.00	1,044.00	1,093.60	348.212	0.3184
18	Proxy Group						Average	487.90	103.534	0.2219
19										Co-efficient
20								5-year	Std	of variation
21			2024	2023	2022	2021	2020	Average	Dev.	of Operating Income
22	JW Wastewater Utility Company		1.28	0.93	0.79	0.94	1.20	1.03	0.203	0.1978
23	**Risk relative to the average risk of the proxy group**									**0.89**
24	Sales ($ in millions)							5-year		
25			2025	2024	2023	2022	2021	Average		
26	Company[1]	Symbol								
27	American States Water	AWR	595.46	595.70	491.53	498.85	488.24	533.96		
28	California Water	CWT	1,036.81	794.63	846.43	790.91	794.31	852.62		
29	Middlesex	MSEX	191.88	166.27	162.43	143.14	141.59	161.06		
30	H2O America	HTO	748.44	670.36	620.70	573.69	564.53	635.54		
31	York Water Company	YORW	74.96	60.06	55.12	53.85	51.58	59.11		
32	Atmos Energy	ATO	4,165.19	4,275.36	4,201.66	3,407.49	2,821.14	3,774.17		
33	Chesapeake Utilities	CPK	787.20	670.60	680.70	569.97	488.20	639.33		
34	New Jersey Resources	NJR	1,796.54	1,962.99	2,905.98	2,156.61	1,953.67	2,155.16		
35	NiSource Inc.	NI	5,455.10	5,505.40	5,850.60	4,899.60	4,681.70	5,278.48		
36	Northwest Natural	NWN	1,152.99	1,197.48	1,037.35	860.40	773.68	1,004.38		
37	ONE Gas Inc.	OGS	2,083.56	2,371.99	2,578.00	1,808.60	1,530.27	2,074.48		
38	Southwest Gas	SWX	5,112.44	5,433.97	4,960.01	3,680.45	3,298.87	4,497.15		
39	Spire Inc.	SR	2,593.00	2,666.30	2,198.50	2,235.50	1,855.40	2,309.74		
40	UGI Corp.	UGI	7,210.00	8,928.00	10,106.00	7,447.00	6,559.00	8,050.00		
41			2024	2023	2022	2021	2020	Average		
42	JW Wastewater Utility Company		3.47	3.40	3.35	3.26	3.36	3.37		
43	Operating Margin (%)									Co-efficient
44								5-year	Std	of variation
45	Company[1]	Symbol	2025	2024	2023	2022	2021	Average	Dev.	of Operating Margin
46	American States Water	AWR	30.98%	33.03%	25.76%	28.26%	26.73%	28.95%	0.0301	0.1041
47	California Water	CWT	31.18%	14.75%	21.52%	20.49%	25.95%	22.78%	0.0616	0.2705
48	Middlesex	MSEX	39.13%	34.86%	39.86%	33.78%	36.96%	36.92%	0.0263	0.0711
49	H2O America	HTO	27.58%	27.43%	25.35%	18.46%	20.84%	23.93%	0.0410	0.1712
50	York Water Company	YORW	39.65%	43.06%	44.78%	47.59%	48.43%	44.70%	0.0355	0.0795
51	Atmos Energy	ATO	41.83%	34.01%	30.30%	35.74%	39.09%	36.19%	0.0447	0.1235
52	Chesapeake Utilities	CPK	34.18%	28.30%	24.76%	27.24%	27.55%	28.41%	0.0349	0.1229
53	New Jersey Resources	NJR	28.86%	20.73%	13.99%	17.53%	11.19%	18.46%	0.0684	0.3703
54	NiSource Inc.	NI	33.45%	29.60%	24.44%	26.59%	26.93%	28.20%	0.0346	0.1227
55	Northwest Natural	NWN	17.09%	24.91%	25.67%	18.96%	19.17%	21.16%	0.0387	0.1828
56	ONE Gas Inc.	OGS	22.96%	18.94%	16.22%	20.83%	23.97%	20.58%	0.0312	0.1516
57	Southwest Gas	SWX	11.20%	10.64%	NM	10.04%	12.82%	11.18%	0.0120	0.1069
58	Spire Inc.	SR	27.15%	23.74%	26.73%	27.30%	27.13%	26.41%	0.0151	0.0570
59	UGI Corp.	UGI	16.57%	6.19%	11.52%	20.30%	15.92%	14.10%	0.0541	0.3837
60	Proxy Group						Average	25.86%	0.0377	0.1655
61										Co-efficient
62								5-year	Std	of variation
63			2024	2023	2022	2021	2020	Average	Dev.	of Operating Margin
64	JW Wastewater Utility Company		36.78%	27.29%	23.65%	28.67%	35.67%	30.41%	0.0563	0.185020591
65	**Risk relative to the average risk of the proxy group**									**1.12**

[1] Based on information from Value Line Investment Analyzer weekly ended Mar. 11, 2026.

Line No.										Co-efficient
1	Return on Equity (ROE)[1]							5-year	Std	of variation
2			2025	2024	2023	2022	2021	Average	Dev.	of ROE
3	Company[1]	Symbol								
4	American States Water	AWR	11.0%	16.1%	11.0%	13.8%	13.5%	13.08%	0.0212	0.1619
5	California Water	CWT	7.3%	3.6%	7.3%	8.6%	10.5%	7.46%	0.0251	0.3366
6	Middlesex	MSEX	10.6%	7.4%	10.6%	9.9%	11.1%	9.91%	0.0145	0.1465
7	H2O America	HTO	6.9%	6.9%	6.6%	5.8%	6.7%	6.59%	0.0043	0.0653
8	York Water Company	YORW	11.1%	9.5%	11.1%	11.6%	10.7%	10.80%	0.0082	0.0755
9	Atmos Energy	ATO	8.2%	8.1%	8.2%	8.4%	8.5%	8.31%	0.0017	0.0199
10	Chesapeake Utilities	CPK	10.6%	7.0%	10.6%	10.8%	10.1%	9.83%	0.0160	0.1628
11	New Jersey Resources	NJR	13.2%	13.3%	13.2%	12.7%	10.6%	12.62%	0.0113	0.0897
12	NiSource Inc.	NI	10.8%	9.2%	10.8%	10.6%	10.4%	10.34%	0.0066	0.0635
13	Northwest Natural	NWN	7.3%	7.3%	7.3%	8.4%	7.9%	7.66%	0.0049	0.0636
14	ONE Gas Inc.	OGS	8.6%	8.4%	8.6%	8.8%	8.8%	8.62%	0.0018	0.0208
15	Southwest Gas	SWX	-6.6%	4.6%	NM	6.8%	8.7%	3.35%	0.0687	2.0526
16	Spire Inc.	SR	8.0%	7.6%	8.0%	10.6%	3.2%	7.49%	0.0267	0.3564
17	UGI Corp.	UGI	13.7%	12.1%	13.7%	31.5%	21.9%	18.57%	0.0819	0.4411
18	Proxy Group		8.6%	8.6%	9.8%	11.3%	10.2%	9.62%	0.0209	0.2897
19										Co-efficient
20								5-year	Std	of variation
21			2024	2023	2022	2021	2020	Average	Dev.	of ROE
22	Company		NM	NM	NM	0.10%	2.92%	1.51%	0.0200	1.3206
23	**Risk relative to the average risk of the proxy group**									**4.56**

[1] Based on information from Value Line Investment Analyzer weekly ended Mar. 11, 2026.

1	Operating Leverage = Percent Change in Operating Income/Percent Change in Sales							
2	(also a measure of business risk)							
3								5-year
4	Company[1]	Symbol	2024	2023	2022	2021	2020	Average
5	American States Water	AWR	154.67	2.61	6.93	3.70	3.13	34.21
1	California Water	CWT	5.77	5.82	1.77	50.00	15.35	15.74
2	Middlesex	MSEX	1.92	(4.43)	2.51	(6.93)	(1.98)	(1.78)
3	H2O America	HTO	1.05	2.11	5.93	(6.17)	-	0.58
4	York Water Company	YORW	0.60	0.53	(1.58)	0.59	0.10	0.05
5	Atmos Energy	ATO	(7.70)	8.10	0.20	0.50	1.48	0.51
6	Chesapeake Utilities	CPK	2.40	(8.49)	0.44	0.92	(0.86)	(1.12)
7	New Jersey Resources	NJR	(3.23)	(0.00)	0.22	7.02	1.43	1.09
8	NiSource Inc.	NI	(13.12)	(2.37)	0.50	0.72	0.24	(2.80)
9	Northwest Natural	NWN	9.14	0.78	3.08	0.89	1.42	3.06
10	ONE Gas Inc.	OGS	(0.53)	(0.93)	0.26	0.15	(0.24)	(0.26)
11	Southwest Gas	SWX	0.16	NM	NM	(1.09)	0.65	(0.09)
12	Spire Inc.	SR	(4.07)	0.36	2.24	1.04	(2.44)	(0.57)
13	UGI Corp.	UGI	(6.03)	4.50	(0.64)	3.31	0.95	0.42
14	Average		32.80	1.33	3.11	8.24	3.32	3.50
15								5-year
16			2024	2023	2022	2021	2020	Average
17	JW Wastewater Utility Company		18.78	10.82	(5.80)	7.55	NM	7.84
18	**Risk relative to the average risk of the proxy group**							**2.24**

[1] Based on information from Value Line Investment Analyzer weekly ended Mar. 11, 2026.

Exhibit TJB-COC-DT2

JW Wastewater Utility Company
Comparative Risk Study
Beta Estimate Using Duff and Phelps Risk Study Portfolio Information

A. Beta Estimates for Water Sample Group and Company`

Line No.		Portfolio	Operating Margin	Portfolio	CV (Operating Margin)[1]	Portfolio	CV (ROE)[1]	
1	Company	1	30.41%	13	18.50%	5	132.06%	
2	Proxy Group	2	25.86%	13	16.55%	17	28.97%	
			Portfolio Sum Beta[2]		Portfolio Sum Beta[3]		Portfolio Sum Beta[4]	Average
3	Company		0.87		1.12		1.28	
4	Proxy Group		0.85		1.09		1.06	
5	Percentage Difference		2.2%		2.8%		20.8%	**8.6%**

B. Assume percentage difference is the same for water utilities as companies in general

Line No.		Value Line Beta	Sum Beta
6	Proxy Group[5]	0.78	0.74
7	Implied Beta for Company[6]	0.85	0.80

Notes:

[1] CV stands for Coefficient of Variation,

[2] Source is Kroll, 2025 Supplementary Risk Study, Companies Ranked by Operating Margin.

[3] Source is Kroll 2025, Supplementary Risk Study, Companies Ranked by CV (Operating Margin).

[4] Source is Kroll 2025, Supplementrary Risk Study, Companies Ranked by CV (Operating Margin).

[5] Source is Table 2.

[6] Calculated by multiplying (1+ percentage difference in risk study betas) times average beta for the proxy group.

JW Wastewater Utility Company
Capital Asset Pricing Model (CAPM)

Exhibit TJB-COC-DT2
Page 4 of 4

Line No.		Rf^1	+ (	(beta^2	x	$RP_M{}^4$	)			=	k	CAPM Results From Table 10	Difference
1	Traditional CAPM	4.6%	+ (	0.85	x	6.50%	)			=	10.10%	9.70%	0.40%
2													
3		Rf^1		$RP_M{}^4$ x .25	+ (	(beta^2	x	$RP_M{}^4$	) x .75				
4	Empirical CAPM	4.6%	+	6.50%	x .25 + (	0.85	x	6.50%	) x .75	=	10.40%	10.00%	0.40%
5													
6		Rf^1	+ (	beta^3	x	$RP_M{}^5$	) +	RPs^6					
7	Modified CAPM	4.6%	+ (	0.80	x	5.91%	) +	2.51%		=	11.90%	11.50%	0.40%
8													
9													
10	Average										10.80%	10.40%	0.40%

Notes:

[1] Source Table 8.

[2] Implied VL Beta of Company. Source is page 3.

[3] Implied Sum Beta of Company. Source is page 3.

[4] Estimate of Market Risk Premium (MRP):

Historical MRP (1926-2025)	7.36%	Source is Kroll 2025 Supplementary Exhibits.
Current MRP	5.63%	Source is Table 11
Average MRP	6.50%	

[5] Estimate of MRP

Historical MRP (1926-2025)	6.18%	Source is Kroll 2025 Supplementary Exhibits.
Current MRP	5.63%	Source is Table 11
Average MRP	5.91%	

[6] Size Premium. Sources Exhibit TJB-COC-DT2, page 2.

EXHIBIT
TJB-COC-DT3

JW Wastewater Utility Company
Size Risk Premium Estimates for Use In Modified CAPM
Based on *Kroll Cost of Capital Navigator Supplementary Data* Risk Study and Regression Data Equations

Line No.	Company	Symbol	Measures of size (Millions) MV Equity[1]	Book Equity[1]	MVIC[1]	5 Yr Avg. Net Income[1]	Total Assets[1]	5 Yr Avg. EBITDA[1]	Sales
1	American States Water	AWR	$ 2,851	$ 921	$ 3,656	$ 101	$ 2,500	$ 197	$ 596
2	California Water	CWT	2,628	1,636	3,733	107	5,180	314	795
3	Middlesex	MSEX	2,349	1,540	4,216	39	1,255	84	166
4	H2O America	HTO	952	493	1,333	75	4,658	257	670
5	York Water Company	YORW	449	240	671	18	633	36	60
6	Atmos Energy	ATO	30,490	13,561	39,466	790	25,194	1,902	4,275
7	Chesapeake Utilities	CPK	3,078	1,390	4,340	90	3,577	248	671
8	New Jersey Resources	NJR	5,437	2,392	8,687	240	6,982	522	1,963
9	NiSource Inc.	NI	22,137	9,448	37,595	691	31,788	2,339	5,505
10	Northwest Natural	NWN	2,141	1,384	3,821	82	5,234	341	1,197
11	ONE Gas Inc.	OGS	5,400	3,106	7,786	216	8,426	659	2,372
12	Southwest Gas	SWX	6,279	3,505	10,627	116	12,024	794	5,434
13	Spire Inc.	SR	5,316	3,148	8,686	210	10,861	844	2,666
14	UGI Corp.	UGI	7,969	4,776	14,500	617	15,098	1,611	8,928
15	JW Wastewater Utility Company(Sabblebrooke Utility Co. and Mountain Pass		NA	18	N/A	(0)	17	2	1

Net Income Data ($ millions)

Line No.	Company	Symbol	2025	2024	2023	2022	2021	Average
16	American States Water	AWR	$ 119.3	$ 124.9	$ 78.4	$ 94.4	$ 86.4	$ 100.7
17	California Water	CWT	190.8	51.9	96.0	101.1	96.8	107.3
18	Middlesex	MSEX	44.4	31.5	42.4	36.5	38.4	38.7
19	H2O America	HTO	94.0	85.0	73.8	60.5	61.5	75.0
20	York Water Company	YORW	20.3	19.6	17.0	16.6	14.4	17.6
21	Atmos Energy	ATO	1,042.9	885.9	774.4	665.6	580.5	789.8
22	Chesapeake Utilities	CPK	118.6	87.2	88.4	83.5	70.6	89.7
23	New Jersey Resources	NJR	289.8	264.7	240.3	207.7	196.2	239.7
24	NiSource Inc.	NI	805.3	759.1	703.3	626.3	562.6	691.3
25	Northwest Natural	NWN	78.9	93.9	86.3	78.7	70.3	81.6
26	ONE Gas Inc.	OGS	222.9	231.2	221.7	206.4	196.4	215.7
27	Southwest Gas	SWX	198.8	150.9	(203.3)	200.8	232.3	115.9
28	Spire Inc.	SR	250.9	217.5	220.8	271.7	88.6	209.9
29	UGI Corp.	UGI	658.0	613.0	626.0	629.0	561.0	617.4
			2025	2024	2023	2022	2021	Average
30	JW Wastewater Utility Company(Sabblebrooke Utility Co. and Mountain Pass		$ (0.4)	$ (0.1)	$ (0.6)	$ 0.0	$ 0.6	$ (0.1)

---

[1] Based on information from Value Line Investment Analyzer weekly ended Mar. 11, 2026.

JW Wastewater Utility Company
Risk Premium Estimates for Use In Modified CAPM
Based on *Kroll Cost of Capital Navigator Supplementary Data* Risk Study and Regression Data Equations

Line No.	EBITDA Data ($ millions) Company	Symbol	2025	2024	2023	2022	2021	Average
1	American States Water	AWR	$ 229	$ 240	$ 168	$ 181	$ 167	$ 197
2	California Water	CWT	457	240	297	271	305	314
3	Middlesex	MSEX	103	87	88	69	71	84
4	H2O America	HTO	321	292	262	200	207	257
5	York Water Company	YORW	34	36	43	34	33	36
6	Atmos Energy	ATO	2,412	2,058	1,809	1,696	1,533	1,902
7	Chesapeake Utilities	CPK	335	255	238	218	193	248
8	New Jersey Resources	NJR	685	560	536	490	339	522
9	NiSource Inc.	NI	2,868	2,538	2,251	2,051	1,987	2,339
10	Northwest Natural	NWN	369	424	383	277	252	341
11	ONE Gas Inc.	OGS	775	729	647	584	562	659
12	Southwest Gas	SWX	1,011	1,019	446	741	755	794
13	Spire Inc.	SR	982	888	825	823	701	844
14	UGI Corp.	UGI	$ 1,746	$ 1,085	$ 1,682	$ 2,014	$ 1,528	$ 1,611
15	JW Wastewater Utility Company		$ 1.6	$ 1.9	$ 1.9	$ 1.9	$ 2.1	$ 1.9

Line No.	Regression Equation	MV Equity	Book Equity	MVIC	5 Yr Avg. Net Income	Total Assets	5 Yr Avg. EBITDA	Sales
16	Constant	9.046%	6.458%	8.770%	5.617%	7.975%	6.323%	7.251%
17	X Coefficient(s)	-1.746%	-1.153%	-1.614%	-1.201%	-1.429%	-1.266%	-1.209%

			RP_s (levered)								
Line No.	**Company**	**Symbol**	**MV Equity**	**Book Equity**	**MVIC**	**5 Yr Avg. Net Income**	**Total Assets**	**5 Yr Avg. EBITDA**	**Sales**	**Average**	
18	American States Water	AWR	3.01%	3.04%	3.02%	3.21%	3.12%	3.42%	3.90%	3.25%	
19	California Water	CWT	3.08%	2.75%	3.01%	3.18%	2.67%	3.16%	3.74%	3.08%	
20	Middlesex	MSEX	3.16%	2.78%	2.92%	3.71%	3.55%	3.89%	4.57%	3.51%	
21	H2O America	HTO	3.85%	3.35%	3.73%	3.36%	2.73%	3.27%	3.83%	3.45%	
22	York Water Company	YORW	4.42%	3.71%	4.21%	4.12%	3.97%	4.36%	5.10%	4.27%	
23	Atmos Energy	ATO	1.22%	1.69%	1.35%	2.14%	1.69%	2.17%	2.86%	1.87%	
24	Chesapeake Utilities	CPK	2.96%	2.83%	2.90%	3.27%	2.90%	3.29%	3.83%	3.14%	
25	New Jersey Resources	NJR	2.52%	2.56%	2.41%	2.76%	2.48%	2.88%	3.27%	2.70%	
26	NiSource Inc.	NI	1.46%	1.87%	1.39%	2.21%	1.54%	2.06%	2.73%	1.89%	
27	Northwest Natural	NWN	3.23%	2.84%	2.99%	3.32%	2.66%	3.12%	3.53%	3.10%	
28	ONE Gas Inc.	OGS	2.53%	2.43%	2.49%	2.81%	2.37%	2.75%	3.17%	2.65%	
29	Southwest Gas	SWX	2.42%	2.37%	2.27%	3.14%	2.15%	2.65%	2.73%	2.53%	
30	Spire Inc.	SR	2.54%	2.43%	2.41%	2.83%	2.21%	2.62%	3.11%	2.59%	
31	UGI Corp.	UGI	2.23%	2.22%	2.05%	2.27%	2.00%	2.26%	2.47%	2.22%	
32	Average		3.50%	3.13%	3.38%	3.52%	3.21%	3.62%	4.23%	3.51%	[A]
33	Comparative Risk Study Risk Premium Adjustment									-1.00%	[B]
33	Adjusted Risk Premium - Size (RP_S)									**2.51%**	[C] = [A]-[B]
34											
34	JW Wastewater Utility Company		N/A	5.01%	N/A	6.82%	6.21%	5.97%	7.19%	6.24%	[D]
35	Comparative Risk Study Risk Premium Adjustment									-0.78%	[E]
36	Adjusted Risk Premium - Size (RP_S)									5.46%	[F] = [D]+[E]
37	Adjusted Risk Premium - Size (RP_S) for	JW Wastewater Utility Company								5.46%	[F]
38	Adjusted Risk Premium - Size (RP_S) for Water Proxy Group									2.51%	[G]
39	Indicated Risk Premium Over Proxy Group									**2.95%**	[H] = [F]-[G]

Exhibit TJB-COC-DT3

JW Wastewater Utility Company
Comparative Risk Study - Adjustment to Size Premium
Based on *Kroll Cost of Capital Navigator Supplementary Data* Risk Study and Regression Data Equations

Step 1 - Identify the equivalent C exhibit for the B exhibits used to compute the size premium.
Step 2 - Indentify the fundamental risk characteristics of the companies of the equivalent portfolio in the C- exhibit.
Step 3 - Indentify the guideline portfolio in the D exhibit which has the most simliar fundamental risk characteristic found in Step 2 and find the smoothed average risk premium.
Step 4 - Indentify the guideline portfolio in the D exhibit which has the most simliar fundamental risk characteristic to the Company and find the smoothed average risk premium.
Step 5 - The diffence in smoothed average risk premiums is the maxmium indicated risk adjustment. The range of adjustments may be 0 or at the maximum depending on the circumstances.

			Measures of size (Millions)						
Line No.	Company	Symbol	MV Equity[1]	Book Equity[1]	MVIC[1]	5 Yr Avg. Net Income[1]	Total Assets[1]	5 Yr Avg. EBITDA[1]	Sales
1	American States Water	AWR	$ 2,851	$ 921	$ 3,656	$ 101	$ 2,500	$ 197	$ 596
2	California Water	CWT	2,628	1,636	3,733	107	5,180	314	795
3	Middlesex	MSEX	2,349	1,540	4,216	39	1,255	84	166
4	H2O America	HTO	952	493	1,333	75	4,658	257	670
5	York Water Company	YORW	449	240	671	18	633	36	60
6	Atmos Energy	ATO	30,490	13,561	39,466	790	25,194	1,902	4,275
7	Chesapeake Utilities	CPK	3,078	1,390	4,340	90	3,577	248	671
8	New Jersey Resources	NJR	5,437	2,392	8,687	240	6,982	522	1,963
9	NiSource Inc.	NI	22,137	9,448	37,595	691	31,788	2,339	5,505
10	Northwest Natural	NWN	2,141	1,384	3,821	82	5,234	341	1,197
11	ONE Gas Inc.	OGS	5,400	3,106	7,786	216	8,426	659	2,372
12	Southwest Gas	SWX	6,279	3,505	10,627	116	12,024	794	5,434
13	Spire Inc.	SR	5,316	3,148	8,686	210	10,861	844	2,666
14	UGI Corp.	UGI	7,969	4,776	14,500	617	15,098	1,611	8,928

	Equivalent C Exhibit Portfolio Operating Margin Company	Symbol	MV Equity (Table C-1)	Book Equity (Table C-2)	MVIC (Table C-4)	5 Yr Avg. Net Income (Table C-3)	Total Assets (Table C-5)	5 Yr Avg. EBITDA (Table C-6)	Sales (Table C-7)	
15	American States Water	AWR	9.19%	9.10%	9.05%	9.62%	9.21%	8.89%	8.89%	
16	California Water	CWT	9.00%	10.01%	9.09%	9.65%	10.21%	9.58%	9.07%	
17	Middlesex	MSEX	8.84%	9.95%	9.38%	8.13%	8.46%	7.84%	8.77%	
18	H2O America	HTO	7.72%	8.28%	7.89%	9.12%	10.27%	9.63%	8.94%	
19	York Water Company	YORW	6.35%	7.49%	6.74%	6.27%	7.68%	6.63%	8.77%	
20	Atmos Energy	ATO	13.32%	12.86%	13.15%	12.56%	12.24%	12.44%	10.37%	
21	Chesapeake Utilities	CPK	9.38%	9.85%	9.43%	9.50%	9.93%	9.58%	8.94%	
22	New Jersey Resources	NJR	10.68%	11.11%	10.59%	10.77%	10.60%	10.42%	9.66%	
23	NiSource Inc.	NI	13.20%	12.35%	13.15%	12.08%	12.60%	12.61%	10.01%	
24	Northwest Natural	NWN	8.71%	9.83%	9.15%	9.29%	10.21%	9.62%	9.46%	
25	ONE Gas Inc.	OGS	10.67%	11.37%	10.57%	10.78%	11.25%	10.67%	9.72%	
26	Southwest Gas	SWX	10.83%	11.84%	10.95%	9.67%	11.52%	11.06%	10.00%	
27	Spire Inc.	SR	10.65%	11.42%	10.59%	10.79%	11.37%	11.23%	9.78%	
28	UGI Corp.	UGI	11.01%	11.81%	11.65%	12.45%	11.64%	12.35%	9.98%	
20	Proxy Group Average		9.97%	10.52%	10.10%	10.05%	10.51%	10.18%	9.45%	10.11%
21	Smoothed Average Risk Premium based upon OM									10.89%

JW Wastewater Utility Company
Comparative Risk Study - Adjustment to Size Premium
Based on *Kroll Cost of Capital Navigator Supplementary Data* Risk Study and Regression Data Equations

Exhibit TJB-COC-DT3
Page 4 of 5

Line No.	**Equivalent C Exhibit Portfolio CV(Operating Margin)** Company	Symbol	MV Equity (Table C-1)	Book Equity (Table C-2)	MVIC (Table C-4)	5 Yr Avg. Net Income (Table C-3)	Total Assets (Table C-5)	5 Yr Avg. EBITDA (Table C-6)	Sales (Table C-7)	
1	American States Water	AWR	22.40%	22.14%	22.14%	20.85%	21.15%	23.40%	34.97%	
2	California Water	CWT	22.81%	18.84%	22.04%	20.37%	16.81%	19.29%	29.12%	
3	Middlesex	MSEX	23.34%	19.23%	21.42%	29.14%	26.30%	29.92%	42.98%	
4	H2O America	HTO	29.71%	27.40%	29.53%	23.67%	17.31%	20.32%	32.04%	
5	York Water Company	YORW	43.28%	37.58%	41.34%	48.89%	35.61%	47.22%	42.98%	
6	Atmos Energy	ATO	13.49%	13.36%	13.87%	13.49%	14.07%	13.66%	16.75%	
7	Chesapeake Utilities	CPK	21.92%	19.51%	21.28%	21.82%	18.27%	20.63%	32.03%	
8	New Jersey Resources	NJR	17.68%	15.73%	16.92%	16.39%	16.67%	17.64%	21.61%	
9	NiSource Inc.	NI	13.71%	14.21%	14.07%	13.53%	13.06%	14.05%	16.98%	
10	Northwest Natural	NWN	23.74%	19.51%	21.93%	22.84%	16.79%	19.52%	24.04%	
11	ONE Gas Inc.	OGS	17.69%	14.27%	17.18%	16.89%	15.67%	16.11%	20.18%	
12	Southwest Gas	SWX	17.62%	14.10%	16.24%	19.80%	15.59%	16.09%	17.01%	
13	Spire Inc.	SR	17.75%	14.25%	16.92%	17.03%	15.95%	15.58%	19.68%	
14	UGI Corp.	UGI	15.62%	15.32%	15.04%	13.92%	14.96%	14.48%	15.90%	
15	Proxy Group Average		21.48%	18.96%	20.71%	21.33%	18.44%	20.56%	26.16%	21.09%
16	Smoothed Average Risk Premium based upon CV (OM)									10.13%

	Equivalent C Exhibit Portfolio CV(ROE) Company	Symbol	MV Equity (Table C-1)	Book Equity (Table C-2)	MVIC (Table C-4)	5 Yr Avg. Net Income (Table C-3)	Total Assets (Table C-5)	5 Yr Avg. EBITDA (Table C-6)	Sales (Table C-7)	
17	American States Water	AWR	36.99%	35.37%	36.73%	32.63%	35.41%	37.27%	51.25%	
18	California Water	CWT	38.36%	31.29%	36.53%	32.23%	29.78%	30.85%	45.52%	
19	Middlesex	MSEX	38.55%	32.28%	35.30%	47.58%	41.63%	44.87%	58.55%	
20	H2O America	HTO	47.60%	43.48%	46.34%	37.12%	30.41%	33.05%	48.58%	
21	York Water Company	YORW	65.50%	56.46%	59.79%	81.23%	50.90%	65.69%	58.55%	
22	Atmos Energy	ATO	24.57%	26.62%	25.71%	24.64%	29.03%	25.61%	29.06%	
23	Chesapeake Utilities	CPK	35.64%	33.56%	35.06%	33.84%	31.09%	33.56%	48.57%	
24	New Jersey Resources	NJR	29.94%	27.80%	29.20%	26.68%	28.53%	30.46%	36.33%	
25	NiSource Inc.	NI	24.74%	27.25%	25.82%	24.67%	26.97%	26.13%	28.97%	
26	Northwest Natural	NWN	38.67%	33.59%	36.31%	35.65%	29.73%	31.72%	40.20%	
27	ONE Gas Inc.	OGS	30.02%	24.64%	28.55%	27.62%	27.37%	25.99%	36.10%	
28	Southwest Gas	SWX	28.08%	25.66%	28.75%	31.75%	29.09%	28.81%	29.00%	
29	Spire Inc.	SR	30.22%	24.75%	29.20%	27.97%	29.24%	28.76%	34.63%	
30	UGI Corp.	UGI	26.90%	26.59%	26.66%	25.56%	28.57%	26.97%	28.65%	
31	Proxy Group Average		35.41%	32.10%	34.28%	34.94%	31.98%	33.55%	41.00%	34.75%
32	Smoothed Average Risk Premium based upon CV (ROE)									9.90%

JW Wastewater Utility Company
Comparative Risk Study - Adjustment to Size Premium
Based on *Kroll Cost of Capital Navigator Supplementary Data* Risk Study and Regression Data Equations

Exhibit TJB-COC-DT3
Page 5 of 5

Line No.	**Estimate of Risk Premium Adjustment**					
1				5 -Year Historical		
2	Company	Symbol	OM	CV (OM)	CV(ROE)	
3	American States Water	AWR	28.95%	10.41%	16.19%	
4	California Water	CWT	22.78%	27.05%	33.66%	
5	Middlesex	MSEX	36.92%	7.11%	14.65%	
6	H2O America	HTO	23.93%	17.12%	6.53%	
7	York Water Company	YORW	44.70%	7.95%	7.55%	
8	Atmos Energy	ATO	36.19%	12.35%	1.99%	
9	Chesapeake Utilities	CPK	28.41%	12.29%	16.28%	
10	New Jersey Resources	NJR	18.46%	37.03%	8.97%	
11	NiSource Inc.	NI	28.20%	12.27%	6.35%	
12	Northwest Natural	NWN	21.16%	18.28%	6.36%	
13	ONE Gas Inc.	OGS	20.58%	15.16%	2.08%	
14	Southwest Gas	SWX	11.18%	10.69%	205.26%	
15	Spire Inc.	SR	26.41%	5.70%	35.64%	
16	UGI Corp.	UGI	14.10%	38.37%	44.11%	
17	Proxy Group Average		25.86%	16.55%	28.97%	
	Proxy Group Risk Differences					
						Average
18	Smoothed Average Risk Premium From Equivalent D Exhibit		8.24%	9.89%	9.78%	9.30%
19	Smoothed Average Risk Premium From Equivalent C Exhibit		10.89%	10.13%	9.90%	10.31%
20	**Indicated Risk Adjustment**		-2.65%	-0.24%	-0.12%	-1.00%
						Recommended
21	Possible Risk Adjustment		0.00%	to	-1.00%	-1.00%
				5 -Year Historical		
			OM	CV (OM)	CV(ROE)	
22	JW Wastewater Utility Company		30.41%	18.50%	132.06%	
						Average
23	Smoothed Average Risk Premium From Equivalent D Exhibit		7.78%	10.00%	10.78%	9.52%
24	Smoothed Average Risk Premium From Equivalent C Exhibit		10.89%	10.13%	9.90%	10.31%
25	Indicated Risk Adjustment		-3.10%	-0.13%	0.88%	-0.78%
						Recommended
26	Possible Risk Adjustment		0.00%	to	-0.78%	-0.78%

Cost of Capital Tables

JW Wastewater Utility Company
Table 1
Summary of Results

Line No.		Indicated Cost of Equity for Proxy Group	Indicated Cost of Equity for Company[1]
1	DCF Constant Growth - Table 6	10.70%	10.90%
2	Risk Premium - Table 8	10.47%	10.67%
3	Risk Premium - Table 9	10.70%	10.90%
4	CAPM - Table 10	10.40%	10.60%
5	Average (rounded)	10.60%	10.80%
6	Cost of Equity Recommendation	10.80% [2]	

Notes:

[1] Estimates include an equity risk premium of 30 basis points. See testimony.
and a financial risk adjustment of -10 basis points. See testimony.

[2] See testimony.

JW Wastewater Utility Company
Table 2
Selected Characteristics of Sample Group of Water Utilities

Line No.	Company	Symbol	Operating Revenues (millions)[1]	Net Plant (millions)[1]	S&P Bond Rating[2]	Moody's Bond Rating[2]	Number of Customers[3]	Value Line Beta[1]	Sum Beta[4]	Market Capitalization[1] (millions)	Size Decile
1	American States Water	AWR	595.5	2,100	A	A2	287,970	0.75	0.74	$ 2,850.7	Low-Cap
2	California Water	CWT	1,036.8	4,135	A+	NR	553,000	0.75	0.71	2,627.9	Low-Cap
3	Middlesex	MSEX	800.6	3,923	A	NR	124,200	0.80	0.69	2,349.3	Low-Cap
4	H2O America	HTO	194.7	1,162	A-	NR	388,000	0.80	0.70	951.8	Low-Cap
5	York Water Company	YORW	77.5	570	A-	NR	76,731	0.70	0.73	448.9	Micro-Cap
6	Atmos Energy	ATO	4,702.8	25,293	A-	A2	3,300,000	0.80	0.74	30,490.4	Large-Cap
7	Chesapeake Utilities	CPK	787.2	2,736	NR	Baa3	450,000	0.70	0.66	3,078.0	Low-Cap
8	New Jersey Resources	NJR	2,036.4	5,810	NR	NR	583,000	0.75	0.77	5,436.6	Mid-Cap
9	NiSource Inc.	NI	6,642.2	28,688	NR	Baa2	3,792,690	0.85	0.79	22,136.9	Large-Cap
10	Northwest Natural	NWN	1,153.0	3,798	A+	NR	800,000	0.75	0.67	2,141.4	Low-Cap
11	ONE Gas Inc.	OGS	2,083.6	6,646	A-	A3	2,000,000	0.75	0.72	5,400.3	Mid-Cap
12	Southwest Gas	SWX	5,112.4	8,109	BBB	Baa2	2,300,000	0.80	0.79	6,278.7	Mid-Cap
13	Spire Inc.	SR	2,476.4	6,757	BBB+	NR	1,700,000	0.75	0.74	5,316.3	Mid-Cap
14	UGI Corp.	UGI	7,287.0	9,080	NR	A3	1,500,000	1.00	0.90	7,969.4	Mid-Cap
15	Average		$ 2,499.0	$ 7,771.8			788,317	0.78	0.74	$ 6,962.6	
16	JW Wastewater Utility Company (Sabblebrooke Utility Co. and Mountain Pass Utility Co.)		$ 3.5	$ 16.1			7,095	Implied[5] 0.85	Implied[5] 0.80	N/A	

Notes:

[1] Value Line Analyzer Data (Weekly as of Mar. 11, 2026)

[2] S&P and/or Moody's Website

[3] Most recent annual report or 10-K or Value Line Rating and Reports

[4] See workpapers.

[5] See Exhibit TJB-COC-DT2, page 4

JW Wastewater Utility Company
Table 3
Capital Structures

Line No.	Company	Symbol	Book Value[1] Long-Term Debt	Book Value[1] Common Equity	Market Value[1] Long-Term Debt	Market Value[1] Common Equity
1	American States Water	AWR	46.6%	53.4%	22.0%	78.0%
2	California Water	CWT	40.3%	59.7%	29.6%	70.4%
3	Middlesex	MSEX	54.8%	45.2%	44.3%	55.7%
4	H2O America	HTO	43.6%	56.4%	28.6%	71.4%
5	York Water Company	YORW	48.1%	51.9%	33.1%	66.9%
6	Atmos Energy	ATO	39.8%	60.2%	22.7%	77.3%
7	Chesapeake Utilities	CPK	47.6%	52.4%	29.1%	70.9%
8	New Jersey Resources	NJR	57.6%	42.4%	37.4%	62.6%
9	NiSource Inc.	NI	62.1%	37.9%	41.1%	58.9%
10	Northwest Natural	NWN	54.8%	45.2%	44.0%	56.0%
11	ONE Gas Inc.	OGS	43.4%	56.6%	30.6%	69.4%
12	Southwest Gas	SWX	55.4%	44.6%	40.9%	59.1%
13	Spire Inc.	SR	51.7%	48.3%	38.8%	61.2%
14	UGI Corp.	UGI	57.8%	42.2%	45.0%	55.0%
15	Average		50.3%	49.7%	34.8%	65.2%
16	JW Wastewater Utility Company		40.0%	60.0%	N/A	N/A

---

[1] Value Line Analyzer Data (Weekly as of Mar. 11, 2026)

JW Wastewater Utility Company
Table 4
Comparisons of Past and Future Estimates of Growth

Line No.	Company	Symbol	[1] Stock Price[1]	[2] Five-year historical annual changes Book Value[2]	[3] EPS[2]	[4] DPS[2]	[5] Historical Average Growth Col. 1-4
1	American States Water	AWR	-0.40%	7.00%	8.00%	9.00%	5.90%
2	California Water	CWT	-2.60%	10.50%	8.00%	7.00%	5.72%
3	Middlesex	MSEX	-1.44%	5.00%	12.50%	6.00%	5.51%
4	York Water Company	YORW	-6.62%	9.00%	5.50%	4.00%	2.97%
5	Atmos Energy	ATO	12.43%	10.00%	9.50%	9.00%	10.23%
6	Chesapeake Utilities	CPK	7.17%	11.50%	8.50%	10.00%	9.29%
7	New Jersey Resources	NJR	8.57%	4.50%	6.00%	7.50%	6.64%
8	NiSource Inc.	NI	14.66%	7.50%	6.00%	5.00%	8.29%
9	Northwest Natural	NWN	4.82%	4.50%	22.50%	0.50%	8.08%
10	ONE Gas Inc.	OGS	4.12%	5.00%	4.50%	7.00%	5.15%
11	Southwest Gas	SWX	6.12%	2.50%	-31.00%	3.50%	-4.72%
12	Spire Inc.	SR	7.83%	3.00%	6.00%	5.00%	5.46%
13	UGI Corp.	UGI	11.98%	1.00%	3.50%	5.00%	5.37%
14	GROUP AVERAGE		5.13%	6.23%	5.35%	6.04%	5.69%

	Company	Symbol	[1] Stock Price[1]	[2] Ten-year historical average annual changes Book Value[2]	[3] EPS[2]	[4] DPS[2]	[5] Historical Average Growth Col. 1-4
15	American States Water	AWR	8.09%	5.50%	8.50%	6.50%	7.15%
1	California Water	CWT	8.21%	7.50%	5.00%	6.50%	6.80%
2	Middlesex	MSEX	10.24%	9.00%	8.00%	4.50%	7.94%
3	York Water Company	YORW	4.86%	7.00%	4.00%	5.50%	5.34%
4	Atmos Energy	ATO	12.72%	10.00%	8.00%	9.00%	9.93%
5	Chesapeake Utilities	CPK	9.46%	11.00%	8.50%	8.50%	9.36%
6	New Jersey Resources	NJR	7.76%	6.50%	7.00%	5.50%	6.69%
7	NiSource Inc.	NI	11.23%	1.00%	1.00%	3.00%	4.06%
8	Northwest Natural	NWN	6.87%	2.00%	0.50%	1.00%	2.59%
9	ONE Gas Inc.	OGS	9.24%	0.00%	0.00%	0.00%	2.31%
10	Southwest Gas	SWX	7.22%	4.50%	6.50%	-15.00%	0.80%
11	Spire Inc.	SR	7.74%	4.00%	5.50%	5.00%	5.56%
12	UGI Corp.	UGI	9.86%	3.00%	6.50%	5.50%	6.21%
12	GROUP AVERAGE		8.73%	5.46%	5.31%	3.50%	5.75%

	Company	Symbol	[1] Value Line Projected EPS Growth[2]	[2] Zack's Projected EPS Growth[3]	[3] Stock Analysis.com Projected EPS Growth[4]	[4] Average Projected Growth
13	American States Water	AWR	7.00%	5.65%	6.63%	6.43%
14	California Water	CWT	6.50%	8.78%	12.52%	9.27%
15	Middlesex	MSEX	6.00%	8.14%	12.65%	8.93%
16	H2O America	H2O	7.50%	6.55%	9.36%	7.80%
17	York Water Company	YORW	ND	ND	ND	ND
18	Atmos Energy	ATO	8.00%	7.01%	8.44%	7.82%
19	Chesapeake Utilities	CPK	8.00%	ND	9.14%	8.57%
20	New Jersey Resources	NJR	5.00%	ND	7.20%	6.10%
21	NiSource Inc.	NI	7.50%	5.97%	8.90%	7.46%
22	Northwest Natural	NWN	6.00%	ND	6.89%	6.45%
23	ONE Gas Inc.	OGS	6.00%	8.11%	4.64%	6.25%
24	Southwest Gas	SWX	NM	9.16%	4.33%	6.75%
25	Spire Inc.	SR	8.50%	12.00%	10.54%	10.35%
26	UGI Corp.	UGI	6.00%	ND	8.52%	7.26%
18	GROUP AVERAGE		6.83%	7.93%	8.44%	7.65%

Notes:

[1] Avg.growth in stock prices ending December 31 through 2025. Data from Yahoo Finance website.

[2] Value Line Analyzer, weekly as of Mar. 11, 2026.

[3] Zack's Investment Research website Mar. 20, 2026.

[4] StockAnalysis.com website Mar. 20, 2026.

JW Wastewater Utility Company
Table 5
Current Dividend Yields for Water Utility Sample Group

			[1]	[2]	[3]	[4]
Line No.	Company	Symbol	Stock Price (P_0)[1]	Current Dividend (D_0)[1]	Current Dividend Yield (D_0/P_0)	Average Annual Dividend Yield (D_0/P_0)[1,2]
1	American States Water	AWR	72.40	1.79	2.47%	2.30%
2	California Water	CWT	43.91	1.12	2.55%	2.25%
3	Middlesex	MSEX	56.30	1.68	2.98%	3.32%
4	H2O America	HTO	50.17	1.38	2.75%	2.50%
5	York Water Company	YORW	29.87	0.89	2.98%	2.75%
6	Atmos Energy	ATO	180.49	3.48	1.93%	2.30%
7	Chesapeake Utilities	CPK	123.55	2.46	1.99%	2.18%
8	New Jersey Resources	NJR	52.86	1.83	3.46%	3.88%
9	NiSource Inc.	NI	45.02	1.06	2.35%	2.62%
10	Northwest Natural	NWN	51.42	1.95	3.79%	5.06%
11	ONE Gas Inc.	OGS	83.87	2.64	3.15%	3.97%
12	Southwest Gas	SWX	83.58	2.48	2.97%	3.47%
13	Spire Inc.	SR	88.44	3.14	3.55%	4.31%
14	UGI Corp.	UGI	35.35	1.50	4.24%	4.71%
15	GROUP AVERAGE				2.94%	3.26%

Notes:

[1] Stock prices as of Mar. 20, 2026. Indicated dividend from Value Line Analyzer weekly as of Mar. 11, 2026.

[2] Average Annual Dividend is dividends declared per share for a year divided by the average annual price of the stock in the same year, expressed as a percentage. As report by Value Line Analyzer software. For comparison purposes only.

JW Wastewater Utility Company
Table 6
Discounted Cash Flow Analysis
DCF Constant Growth

Line No.	Company	Symbol	[1] Dividend Yield (D_0/P_0)[1]	[2] Expected Dividend Yield (D_1/P_0)[2]		[3] Average Projected Growth (g)[3]		[4] Indicated Cost of ROE k=Div Yld + g (Cols 2+3)	[5] Adjusted Indicated Cost of Equity (COE)[4] k=Div Yld + g (Cols 2+3)
1	American States Water	AWR	2.47%	2.55%	+	6.43%	=	8.98%	8.98%
2	California Water	CWT	2.55%	2.67%	+	9.27%	=	11.93%	11.93%
3	Middlesex	MSEX	2.98%	3.12%	+	8.93%	=	12.05%	12.05%
4	H2O America	HTO	2.75%	2.86%	+	7.80%	=	10.66%	10.66%
5	York Water Company	YORW	2.98%	NM	+	ND	=	NM	NM
6	Atmos Energy	ATO	1.93%	2.00%	+	7.82%	=	9.82%	9.82%
7	Chesapeake Utilities	CPK	1.99%	2.08%	+	8.57%	=	10.65%	10.65%
8	New Jersey Resources	NJR	3.46%	3.57%	+	6.10%	=	9.67%	9.67%
9	NiSource Inc.	NI	2.35%	2.44%	+	7.46%	=	9.90%	9.90%
10	Northwest Natural	NWN	3.79%	3.91%	+	6.45%	=	10.36%	10.36%
11	ONE Gas Inc.	OGS	3.15%	3.25%	+	6.25%	=	9.50%	9.50%
12	Southwest Gas	SWX	2.97%	3.07%	+	6.75%	=	9.81%	9.81%
13	Spire Inc.	SR	3.55%	3.73%	+	10.35%	=	14.08%	14.08%
14	UGI Corp.	UGI	4.24%	4.40%	+	7.26%	=	11.66%	11.66%
15	Average		2.94%	3.05%		7.65%		10.70%	
16	Adjusted Average[4]								10.70%

Notes:

[1] Spot Dividend Yield = D_0/P_0. Source Table 5.

[2] Expected Dividend Yield = $D_1/P_0 = D_0/P_0 * (1+g/2)$.

[3] Average Analyst Growth rate (g). Source Table 4.

[4] Excluded because results are less than projected Baa bond yields pl 100 basis points or 7.20% . See Testimony.

JW Wastewater Utility Company
Table 7
Forecasts of Long-Term Interest Rates

Line No.		2027	2028	2029	3-year Average
1	Long-term Treasury Rates				
2	Blue Chip Consensus Forecasts[1]	4.6%	4.6%	4.6%	
3					
4	Average	4.6%	4.6%	4.6%	4.6%
5	Aaa Corporate Bonds				
6	Blue Chip Consensus Forecasts[1]	5.2%	5.2%	5.2%	
7					
8	Average	5.2%	5.2%	5.2%	5.2%
9	Baa Corporate Bonds				
10	Blue Chip Consensus Forecasts[1]	6.1%	6.2%	6.2%	
11					
12	Average	6.1%	6.2%	6.2%	6.2%

Notes:

[1] Blue Chip Consensus Forecasts Dec. 1, 2025.

JW Wastewater Utility Company
Table 8
Risk Premium Analysis Based on Aurhotized Returns

Line No.		Authorized Gas Return^{1}	LT Treasury Bond Yield^{2}	Risk Premium
1	1986	13.46%	7.78%	5.68%
2	1987	12.74%	8.59%	4.15%
3	1988	12.85%	8.96%	3.89%
4	1989	12.88%	8.45%	4.43%
5	1990	12.67%	8.61%	4.06%
6	1991	12.46%	8.14%	4.32%
7	1992	12.01%	7.67%	4.34%
8	1993	11.35%	6.59%	4.76%
9	1994	11.35%	7.37%	3.98%
10	1995	11.43%	6.88%	4.55%
11	1996	11.19%	6.71%	4.48%
12	1997	11.29%	6.61%	4.68%
13	1998	11.51%	5.72%	5.79%
14	1999	10.66%	5.87%	4.79%
15	2000	11.39%	5.94%	5.45%
16	2001	10.95%	5.49%	5.46%
17	2002	11.03%	5.43%	5.60%
18	2003	10.99%	5.05%	5.94%
19	2004	10.59%	5.12%	5.47%
20	2005	10.46%	4.56%	5.90%
21	2006	10.40%	4.91%	5.49%
22	2007	10.22%	4.84%	5.38%
23	2008	10.39%	4.28%	6.11%
24	2009	10.22%	4.08%	6.14%
25	2010	10.15%	4.25%	5.90%
26	2011	9.82%	3.91%	5.91%
27	2012	9.84%	2.92%	6.92%
28	2013	9.68%	3.45%	6.23%
29	2014	9.78%	3.34%	6.44%
30	2015	9.60%	2.84%	6.76%
31	2016	9.54%	2.59%	6.95%
32	2017	9.72%	2.90%	6.83%
33	2018	9.59%	3.11%	6.48%
34	2019	9.71%	2.58%	7.13%
35	2020	9.46%	1.56%	7.90%
36	2021	9.56%	2.06%	7.50%
37	2022	9.53%	3.11%	6.42%
38	2023	9.60%	4.09%	5.51%
39	2024	9.71%	4.41%	5.30%
40	Averages	11.3%	5.2%	5.62%

41	Regression Formula				
42					
43	Risk premium =	Intercept	x	Coefficent	Expected Bond Yield^{3}
44	5.87%	0.080423		-0.47275	4.60%
45	$R^2 = 0.869$				
46				Estimate of Current Risk Premium	5.87%
47				Projected Returns on Equity for Sample	10.47%

Notes:

[1] Authorized Returns for Gas Distribution Utilities. Source: S&P Capital IQ.

[2] Average annual 30 Yr. U.S. Treasury Bond yields as reported by the Federal Reserve.
Proxy for yields from 2003-2005 are based upon 20-year U.S. Treasury yield.

[3] Forecast LT U.S. Treasury Rate. Source Table 7.

JW Wastewater Utility Company
Table 9
Risk Premium Analysis Based on Returns

Line No.		S&P 500 Utility Index Return[1]	LT Treasury Bond Yield[2]	LT Treasury Bond Return[3]	Risk Premium Over Bond Returns
1	1977	8.64%	7.75%	1.81%	6.83%
2	1978	-3.71%	8.49%	0.74%	-4.45%
3	1979	13.58%	9.28%	1.42%	12.16%
4	1980	15.08%	11.27%	-6.29%	21.37%
5	1981	11.74%	13.45%	-3.64%	15.38%
6	1982	26.52%	12.76%	18.37%	8.15%
7	1983	20.01%	11.18%	25.20%	-5.19%
8	1984	26.04%	12.41%	2.22%	23.82%
9	1985	33.05%	10.79%	25.49%	7.56%
10	1986	28.53%	7.78%	40.83%	-12.30%
11	1987	-2.92%	8.59%	0.16%	-3.08%
12	1988	18.27%	8.96%	5.20%	13.07%
13	1989	47.80%	8.45%	13.80%	34.00%
14	1990	-2.57%	8.61%	6.95%	-9.52%
15	1991	14.61%	8.14%	13.18%	1.43%
16	1992	8.10%	7.67%	12.87%	-4.77%
17	1993	14.41%	6.59%	19.49%	-5.08%
18	1994	-7.94%	7.37%	-1.44%	-6.50%
19	1995	42.15%	6.88%	12.61%	29.54%
20	1996	3.14%	6.71%	8.72%	-5.58%
21	1997	24.69%	6.61%	7.80%	16.89%
22	1998	14.82%	5.72%	17.05%	-2.23%
23	1999	-8.85%	5.87%	3.98%	-12.83%
24	2000	59.70%	5.94%	5.06%	54.64%
25	2001	-30.41%	5.49%	11.32%	-41.73%
26	2002	-30.04%	5.43%	6.21%	-36.25%
27	2003	26.11%	5.05%	10.15%	15.96%
28	2004	24.22%	5.12%	4.19%	20.03%
29	2005	16.79%	4.56%	12.37%	4.42%
30	2006	20.95%	4.91%	0.16%	20.79%
31	2007	19.36%	4.84%	5.79%	13.57%
32	2008	-28.99%	4.28%	12.27%	-41.26%
33	2009	11.91%	4.08%	6.98%	4.93%
34	2010	5.46%	4.25%	1.82%	3.64%
35	2011	19.91%	3.91%	8.91%	11.00%
36	2012	1.29%	2.92%	18.75%	-17.46%
37	2013	13.21%	3.45%	-4.65%	17.86%
38	2014	28.98%	3.34%	5.04%	23.94%
39	2015	-4.85%	2.84%	10.89%	-15.74%
40	2016	16.29%	2.59%	6.70%	9.59%
41	2017	12.11%	2.90%	-1.99%	14.10%
42	2018	4.11%	3.11%	-0.31%	4.42%
43	2019	26.35%	2.58%	11.35%	15.00%
44	2020	0.48%	1.56%	19.99%	-19.50%
45	2021	17.67%	2.06%	-6.57%	24.24%
46	2022	1.57%	3.11%	-13.40%	14.97%
47	2023	-8.83%	4.09%	-10.10%	1.27%
48	2024	23.43%	4.41%	-0.11%	23.54%
49	2025	16.04%	4.78%	-0.29%	16.33%
50	Average over 49 years	12.8%	6.2%	7.1%	5.3%
51		Expected Long-term Treasury Bond Rate[4]			4.6%
52		Estimate of Current Risk Premium[5]			6.1%
53		Projected Returns on Equity for Sample			10.7%

Notes:

[1] Total Returns from various sources including Standard and Poors website.

[2] Average annual 30 Yr. U.S. Treasury Bond yields as reported by the Federal Reserve. Proxy for yields from 2003-2005 are based upon 20-year U.S. Treasury yield.

[3] Computed total returns on bonds include income return and capital gains/loss.

[4] Forecast LT U.S. Treasury Rate. Source Table 7.

[4] As explained in testimony, adjustment assumes risk premiums change by 50% as much as interest rates.

JW Wastewater Utility Company
Table 10
Estimation of Current Market Risk Premium
Using DCF Analysis

Line No.	**Month**	Dividend Yield (D_0/P_0)[1]	Expected Dividend Yield (D_1/P_0)[2]	+	Expected Growth (g)[3]	=	Expected Market Return (k)	-	Monthly Average 30 Year Treasury Rate[4]	=	Expected Market Risk Premium (MRP)
1	Jan 2024	2.76%	2.98%	+	7.83%	=	10.81%		4.26%	=	6.55%
2	Feb	2.75%	2.97%	+	7.83%	=	10.80%		4.38%	=	6.42%
3	Mar	2.64%	2.84%	+	7.50%	=	10.34%		4.36%	=	5.98%
4	Apr	2.75%	2.96%	+	7.50%	=	10.46%		4.66%	=	5.80%
5	May	2.75%	2.96%	+	7.50%	=	10.46%		4.62%	=	5.84%
6	Jun	2.75%	2.96%	+	7.50%	=	10.46%		4.44%	=	6.02%
7	July	2.75%	2.96%	+	7.50%	=	10.46%		4.46%	=	6.00%
8	Aug	2.75%	2.96%	+	7.50%	=	10.46%		4.15%	=	6.31%
9	Sep	2.58%	2.77%	+	7.50%	=	10.27%		4.04%	=	6.23%
10	Oct	2.61%	2.80%	+	7.50%	=	10.30%		4.38%	=	5.92%
11	Nov	2.48%	2.67%	+	7.50%	=	10.17%		4.54%	=	5.63%
12	Dec	2.68%	2.88%	+	7.50%	=	10.38%		4.58%	=	5.80%
13	Jan 2025	2.65%	2.85%	+	7.50%	=	10.35%		4.85%	=	5.50%
14	Feb	2.77%	2.98%	+	7.50%	=	10.48%		4.68%	=	5.80%
15	Mar	2.77%	2.98%	+	7.50%	=	10.48%		4.60%	=	5.88%
16	Apr	2.93%	3.14%	+	7.33%	=	10.47%		4.71%	=	5.76%
17	May	2.93%	3.14%	+	7.33%	=	10.47%		4.90%	=	5.57%
18	Jun	2.62%	2.81%	+	7.17%	=	9.98%		4.89%	=	5.09%
19	July	2.70%	2.89%	+	7.33%	=	10.23%		4.92%	=	5.31%
20	Aug	2.63%	2.83%	+	7.50%	=	10.33%		4.87%	=	5.46%
21	Sep	2.65%	2.85%	+	7.50%	=	10.35%		4.74%	=	5.61%
22	Oct	2.66%	2.86%	+	7.50%	=	10.36%		4.64%	=	5.72%
23	Nov	2.61%	2.81%	+	7.67%	=	10.48%		4.70%	=	5.78%
24	Dec	2.59%	2.79%	+	7.67%	=	10.46%		4.80%	=	5.66%
25	Jan 2026	2.65%	2.85%	+	7.50%	=	10.35%		4.84%	=	5.51%
26	Feb	2.77%	2.98%	+	7.50%	=	10.48%		4.76%	=	5.72%
23	Recommended	2.65%	2.85%	+	7.50%	=	10.41%	-	4.78%	=	5.63%
24	Short-term Trends										
25	Recent Twelve Months Avg	2.71%	2.91%	+	7.46%	=	10.37%	-	4.78%	=	5.59%
26	Recent Nine Months Avg	2.65%	2.85%	+	7.48%	=	10.33%	-	4.80%	=	5.54%
27	Recent Six Months Avg	2.65%	2.86%	+	7.56%	=	10.41%	-	4.75%	=	5.66%
28	Recent Three Months Avg	2.67%	2.87%	+	7.56%	=	10.43%	-	4.80%	=	5.63%
29	Median 12 months	2.65%	2.85%	+	7.50%	=	10.41%	-	4.78%	=	5.63%

Notes:

[1] Average Dividend Yield (D_0/P_0) of dividend paying stocks. Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks

[2] Expected Dividend Yield (D_1/P_0) equals current average dividend yield (D_0/P_0) times one plus growth rate(g).

[3] Median of Projected EPS, Projected DPS Growth. And Porjected Book Growth for VL 1700 stocks. Data from Value Line Investment Analyzer Software

[4] Monthly average 30 year U.S. Treasury as reported by Federal Reserve.

Liberty Utilities (Park Water), Corp.
Table 11
Capital Asset Pricing Model (CAPM, ECAPM, and MCAPM)

Line No.		Rf^1	+ (	(beta^2	x	RP_M^4	)			=	k
1	Traditional CAPM	4.6%	+ (	0.78	x	6.50%	)			=	9.70%
2											
3		Rf^1		RP_M^4 x .25	+ (	(beta^2	x	RP_M^4	) x .75		
4	Empirical CAPM (ECAPM)	4.6%	+	6.50%	x .25 + (	0.78	x	6.50%	) x .75	=	10.00%
5											
6		Rf^1	+ (	beta^3	x	RP_M^5	) +	RP_s^6			
7	Modified CAPM (MCAPM)	4.6%	+ (	0.74	x	5.91%	) +	2.51%		=	11.50%
8											
9											
10	Average (rounded)										10.40%

Notes:

[1] Forecasts of long-term treasury yields. Source Table 7.

[2] Average VL Beta of Water Proxy Group. Source is Table 2.

[3] Average Sum Beta of Water Proxy Group. Source is Table 2.

[4] Estimate of Market Risk Premium (MRP):

Historical MRP (1926-2025)	7.36%	Source is Kroll ERP Supplementary Exhibits
Current MRP	5.63%	Source is Table 10
Average MRP	6.50%	

[5] Estimate of MRP

Historical MRP (1926-2025)	6.18%	Source is Kroll ERP Supplementary Exhibits
Current MRP	5.63%	Source is Table 10
Average MRP	5.91%	

[6] Average proxy group adjusted size risk premium based upon Kroll Size Study data and Risk Study data. See
See Exhibit TJB-COC-DT2