

AQUA TEXAS, INC.

ACCOUNT 370.0 RECEIVING WELLS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1966-2010

EXPERIENCE BAND 1998-2010

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	2,860,322		0.0000	1.0000	100.00
0.5	2,837,848		0.0000	1.0000	100.00
1.5	2,820,331		0.0000	1.0000	100.00
2.5	2,392,482		0.0000	1.0000	100.00
3.5	2,392,482		0.0000	1.0000	100.00
4.5	2,431,626		0.0000	1.0000	100.00
5.5	2,376,939		0.0000	1.0000	100.00
6.5	2,353,937		0.0000	1.0000	100.00
7.5	2,165,418		0.0000	1.0000	100.00
8.5	1,896,867		0.0000	1.0000	100.00
9.5	1,659,593		0.0000	1.0000	100.00
10.5	1,495,455		0.0000	1.0000	100.00
11.5	439,287		0.0000	1.0000	100.00
12.5	467,445		0.0000	1.0000	100.00
13.5	537,744		0.0000	1.0000	100.00
14.5	568,450		0.0000	1.0000	100.00
15.5	717,170		0.0000	1.0000	100.00
16.5	758,119		0.0000	1.0000	100.00
17.5	886,711		0.0000	1.0000	100.00
18.5	907,919		0.0000	1.0000	100.00
19.5	898,449	4,152	0.0046	0.9954	100.00
20.5	869,547		0.0000	1.0000	99.54
21.5	829,721	6,228	0.0075	0.9925	99.54
22.5	665,496		0.0000	1.0000	98.79
23.5	657,669		0.0000	1.0000	98.79
24.5	695,518		0.0000	1.0000	98.79
25.5	632,161	6,023	0.0095	0.9905	98.79
26.5	555,374		0.0000	1.0000	97.85
27.5	508,470		0.0000	1.0000	97.85
28.5	295,755		0.0000	1.0000	97.85
29.5	246,975		0.0000	1.0000	97.85
30.5	86,996		0.0000	1.0000	97.85
31.5	79,999		0.0000	1.0000	97.85
32.5	79,999		0.0000	1.0000	97.85
33.5	68,669	2,658	0.0387	0.9613	97.85
34.5	66,011		0.0000	1.0000	94.06
35.5	49,027		0.0000	1.0000	94.06
36.5	49,027		0.0000	1.0000	94.06
37.5	9,033		0.0000	1.0000	94.06
38.5	5,940		0.0000	1.0000	94.06

AQUA TEXAS, INC.

ACCOUNT 370.0 RECEIVING WELLS

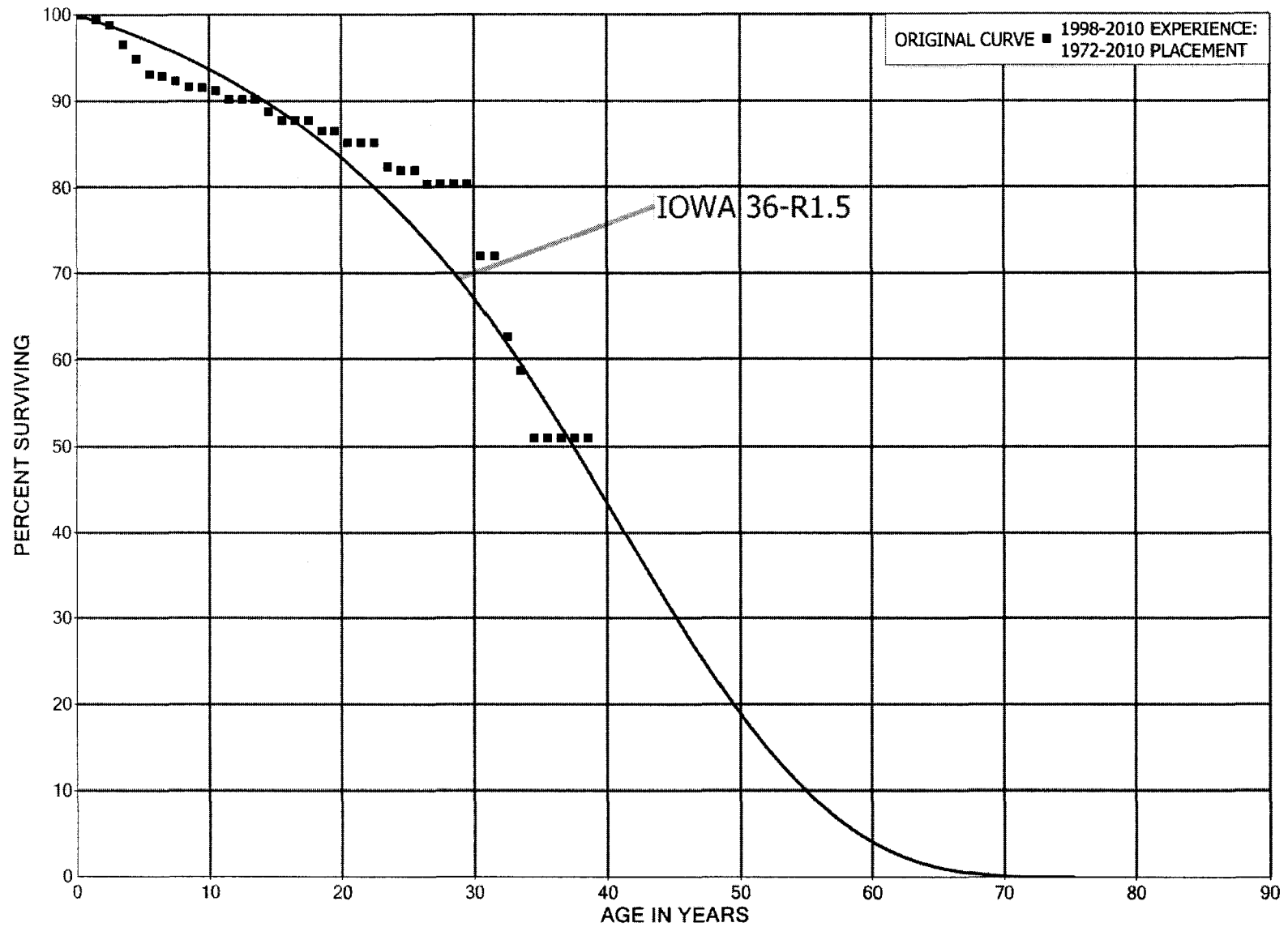
ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1966-2010

EXPERIENCE BAND 1998-2010

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	2,942		0.0000	1.0000	94.06
40.5	2,942		0.0000	1.0000	94.06
41.5	2,942		0.0000	1.0000	94.06
42.5	2,942		0.0000	1.0000	94.06
43.5	2,942		0.0000	1.0000	94.06
44.5					94.06

AQUA TEXAS, INC.
ACCOUNT 371.3 PUMPING EQUIPMENT - PUMPING
ORIGINAL AND SMOOTH SURVIVOR CURVES



AQUA TEXAS, INC.

ACCOUNT 371.3 PUMPING EQUIPMENT - PUMPING

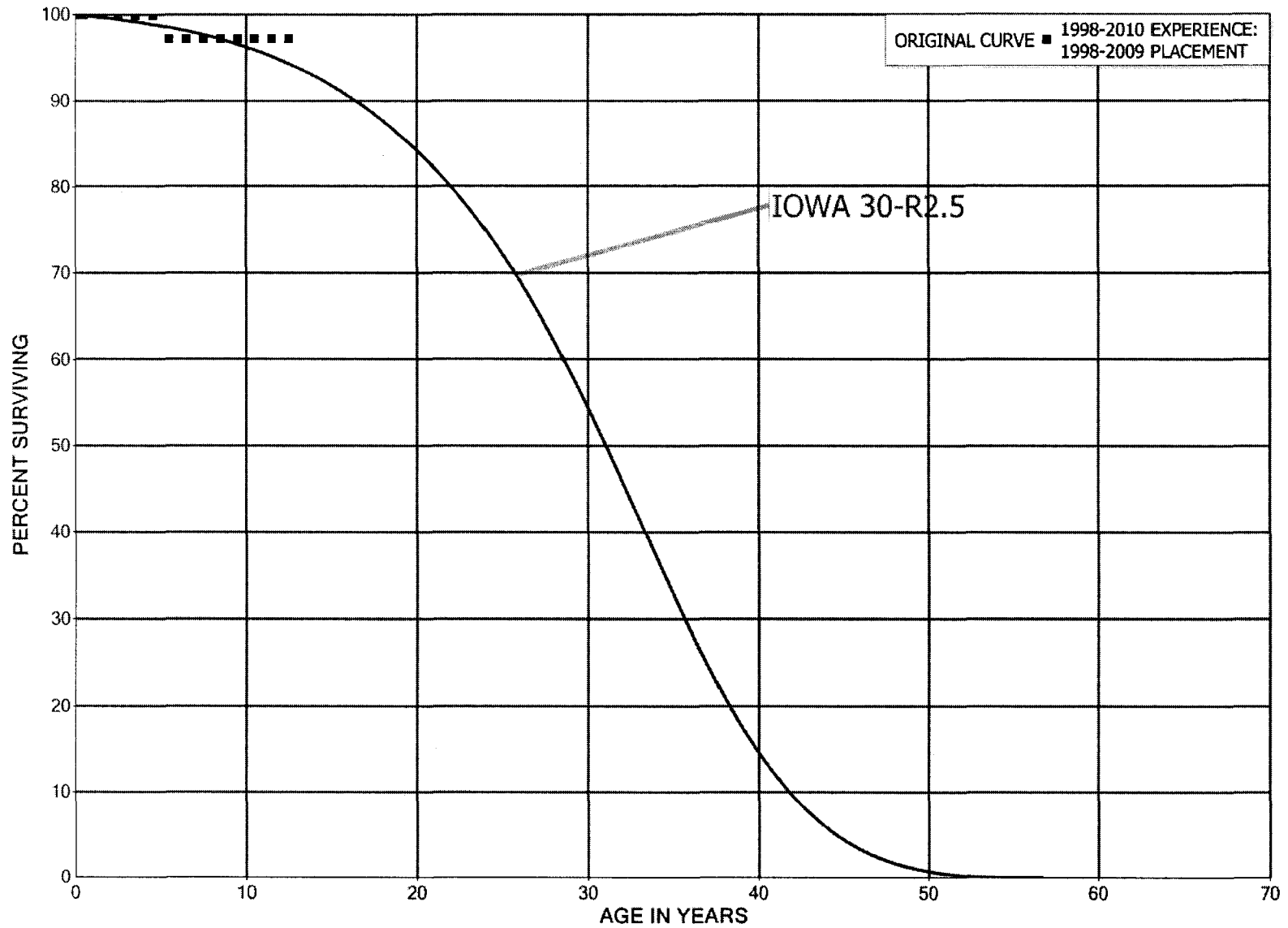
ORIGINAL LIFE TABLE

PLACEMENT BAND 1972-2010

EXPERIENCE BAND 1998-2010

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	3,758,689		0.0000	1.0000	100.00
0.5	3,546,344	19,683	0.0056	0.9944	100.00
1.5	3,634,992	28,075	0.0077	0.9923	99.44
2.5	3,267,911	72,573	0.0222	0.9778	98.68
3.5	3,207,061	56,017	0.0175	0.9825	96.49
4.5	2,295,206	41,054	0.0179	0.9821	94.80
5.5	1,945,664	5,867	0.0030	0.9970	93.10
6.5	1,421,486	8,724	0.0061	0.9939	92.82
7.5	1,169,546	7,730	0.0066	0.9934	92.25
8.5	848,280	1,759	0.0021	0.9979	91.64
9.5	1,187,788	4,316	0.0036	0.9964	91.45
10.5	771,139	7,765	0.0101	0.9899	91.12
11.5	297,984		0.0000	1.0000	90.20
12.5	307,616		0.0000	1.0000	90.20
13.5	324,627	5,177	0.0159	0.9841	90.20
14.5	325,109	3,647	0.0112	0.9888	88.77
15.5	387,890		0.0000	1.0000	87.77
16.5	387,890		0.0000	1.0000	87.77
17.5	397,678	5,847	0.0147	0.9853	87.77
18.5	390,738		0.0000	1.0000	86.48
19.5	390,738	5,979	0.0153	0.9847	86.48
20.5	378,173		0.0000	1.0000	85.16
21.5	357,053		0.0000	1.0000	85.16
22.5	214,776	7,036	0.0328	0.9672	85.16
23.5	207,741	1,063	0.0051	0.9949	82.37
24.5	156,282		0.0000	1.0000	81.95
25.5	109,290	2,125	0.0194	0.9806	81.95
26.5	98,242		0.0000	1.0000	80.35
27.5	66,334		0.0000	1.0000	80.35
28.5	23,684		0.0000	1.0000	80.35
29.5	18,293	1,904	0.1041	0.8959	80.35
30.5	12,451		0.0000	1.0000	71.99
31.5	10,294	1,344	0.1306	0.8694	71.99
32.5	6,311	391	0.0619	0.9381	62.59
33.5	5,920	782	0.1320	0.8680	58.71
34.5	5,138		0.0000	1.0000	50.96
35.5	5,138		0.0000	1.0000	50.96
36.5	827		0.0000	1.0000	50.96
37.5	827		0.0000	1.0000	50.96
38.5					50.96

AQUA TEXAS, INC.
ACCOUNT 371.5 PUMPING EQUIPMENT - RAW WATER TREATMENT
ORIGINAL AND SMOOTH SURVIVOR CURVES



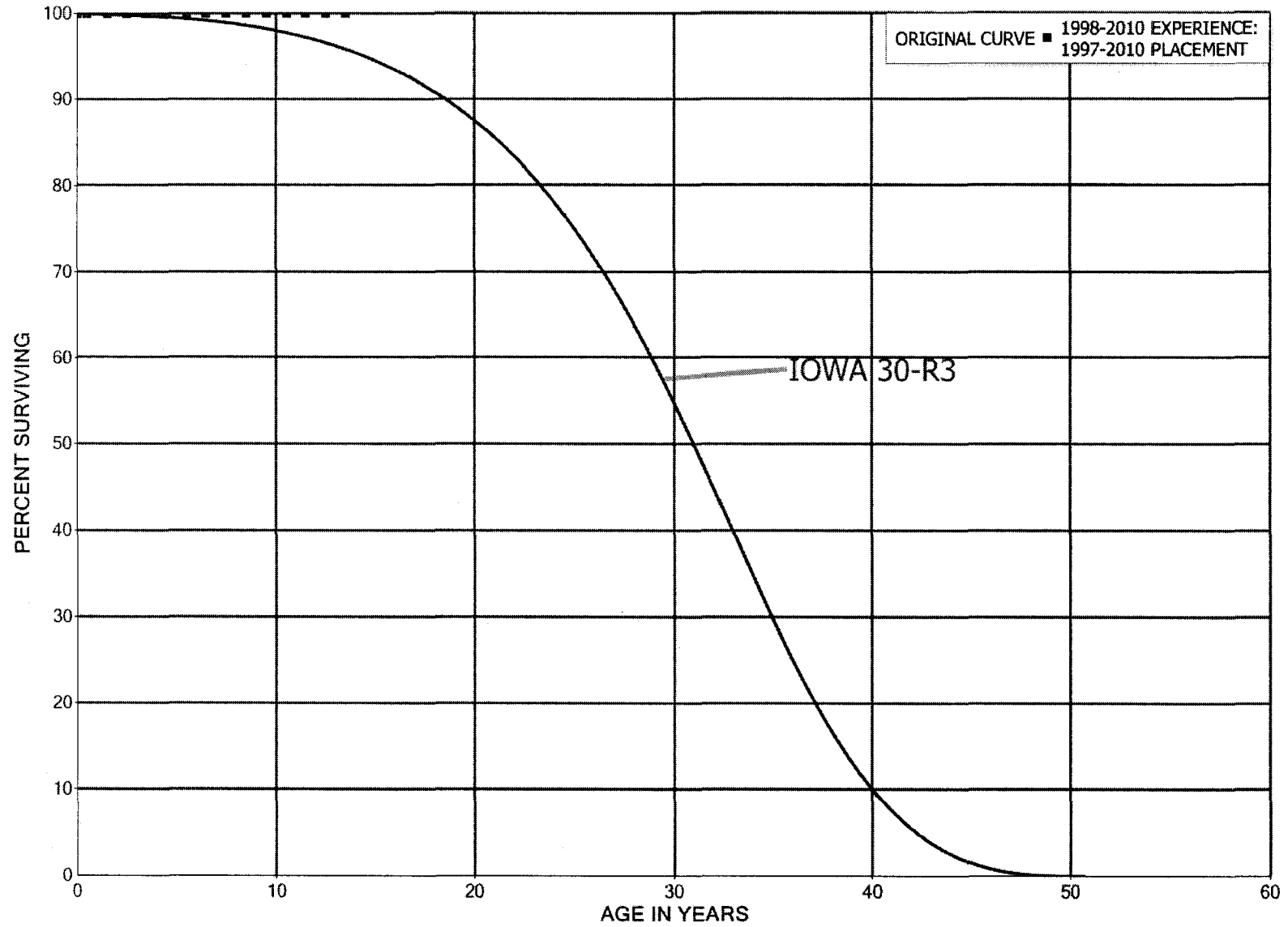
AQUA TEXAS, INC.

ACCOUNT 371.5 PUMPING EQUIPMENT - RAW WATER TREATMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1998-2009			EXPERIENCE BAND 1998-2010		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	518,600		0.0000	1.0000	100.00
0.5	549,722		0.0000	1.0000	100.00
1.5	561,631		0.0000	1.0000	100.00
2.5	547,099	752	0.0014	0.9986	100.00
3.5	537,779	381	0.0007	0.9993	99.86
4.5	442,139	11,498	0.0260	0.9740	99.79
5.5	429,230		0.0000	1.0000	97.20
6.5	257,777		0.0000	1.0000	97.20
7.5	103,261		0.0000	1.0000	97.20
8.5	100,329		0.0000	1.0000	97.20
9.5	31,977		0.0000	1.0000	97.20
10.5	20,109		0.0000	1.0000	97.20
11.5	18,063		0.0000	1.0000	97.20
12.5					97.20

AQUA TEXAS, INC.
ACCOUNT 371.6 PUMPING EQUIPMENT - RAW WATER DISTRIBUTION
ORIGINAL AND SMOOTH SURVIVOR CURVES



AQUA TEXAS, INC.

ACCOUNT 371.6 PUMPING EQUIPMENT - RAW WATER DISTRIBUTION

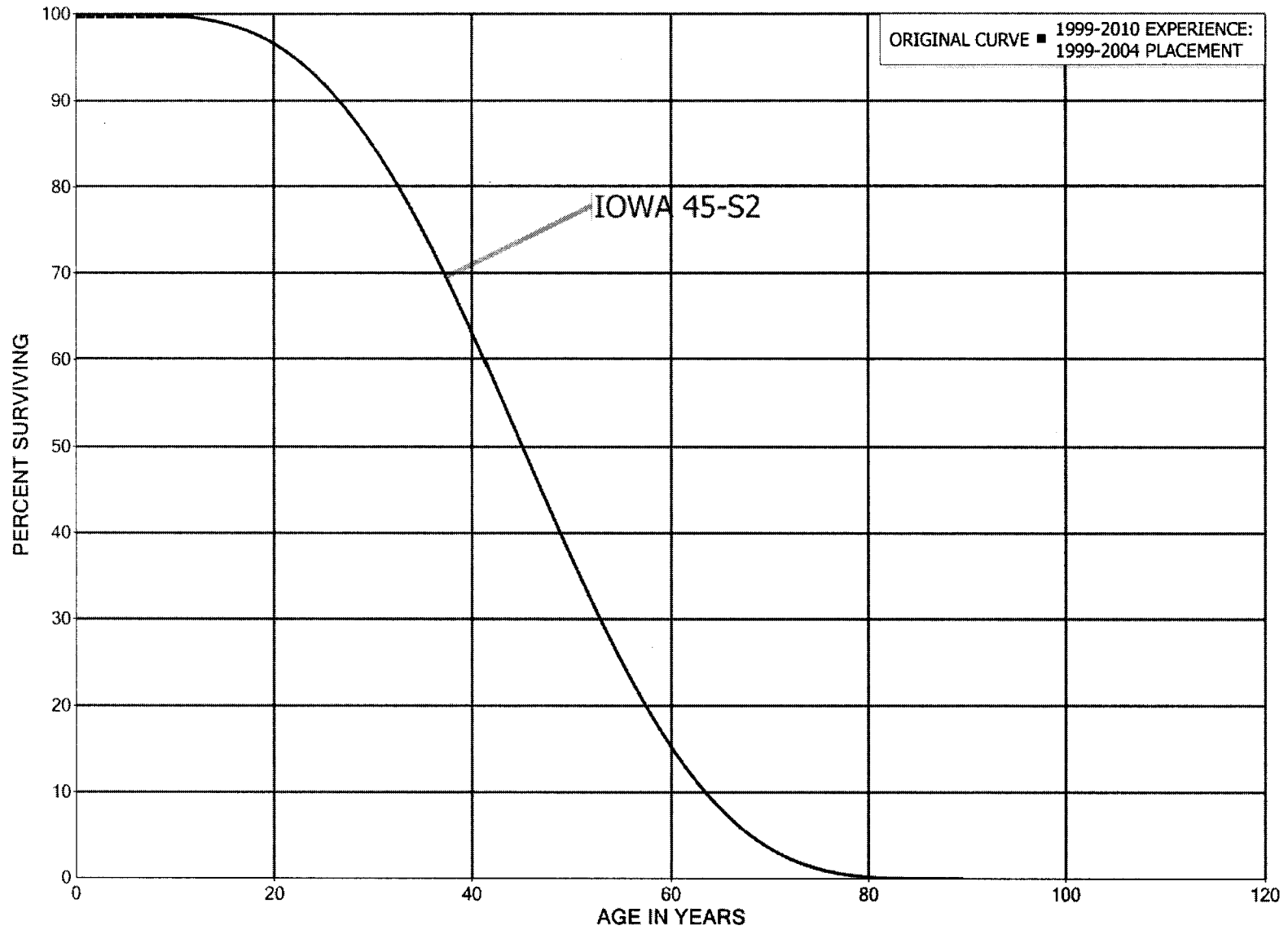
ORIGINAL LIFE TABLE

PLACEMENT BAND 1997-2010

EXPERIENCE BAND 1998-2010

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	123,266		0.0000	1.0000	100.00
0.5	126,831		0.0000	1.0000	100.00
1.5	124,149		0.0000	1.0000	100.00
2.5	128,297		0.0000	1.0000	100.00
3.5	125,614		0.0000	1.0000	100.00
4.5	104,394		0.0000	1.0000	100.00
5.5	83,380		0.0000	1.0000	100.00
6.5	27,427		0.0000	1.0000	100.00
7.5	23,366		0.0000	1.0000	100.00
8.5	23,366		0.0000	1.0000	100.00
9.5	23,366		0.0000	1.0000	100.00
10.5	7,152		0.0000	1.0000	100.00
11.5	6,500		0.0000	1.0000	100.00
12.5	6,500		0.0000	1.0000	100.00
13.5					100.00

AQUA TEXAS, INC.
ACCOUNT 374.0 REUSE DISTRIBUTION RESERVOIRS
ORIGINAL AND SMOOTH SURVIVOR CURVES



AQUA TEXAS, INC.

ACCOUNT 374.0 REUSE DISTRIBUTION RESERVOIRS

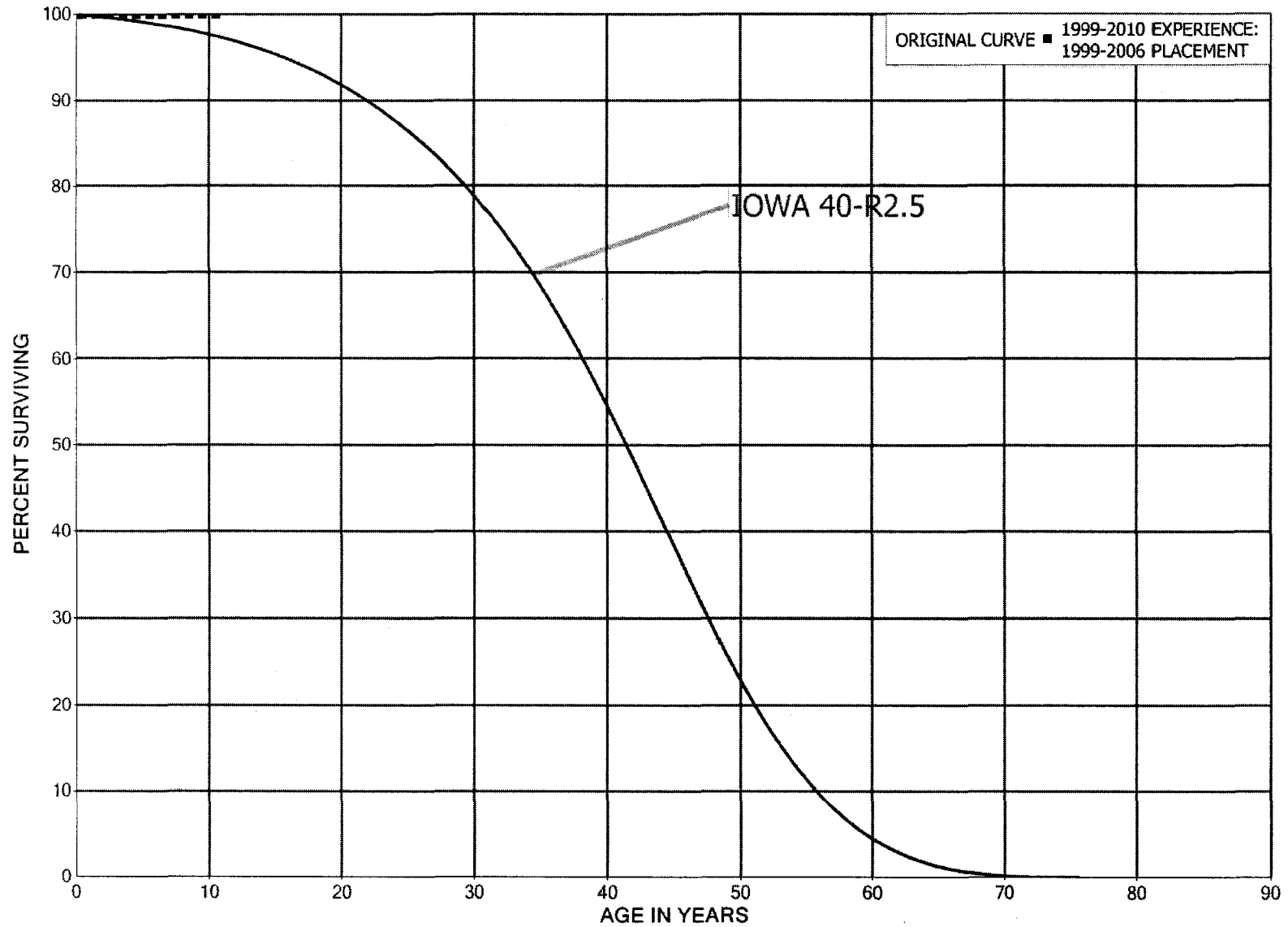
ORIGINAL LIFE TABLE

PLACEMENT BAND 1999-2004

EXPERIENCE BAND 1999-2010

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	66,983		0.0000	1.0000	100.00
0.5	66,983		0.0000	1.0000	100.00
1.5	66,983		0.0000	1.0000	100.00
2.5	66,983		0.0000	1.0000	100.00
3.5	66,983		0.0000	1.0000	100.00
4.5	66,983		0.0000	1.0000	100.00
5.5	66,983		0.0000	1.0000	100.00
6.5	20,111		0.0000	1.0000	100.00
7.5	20,111		0.0000	1.0000	100.00
8.5	11,507		0.0000	1.0000	100.00
9.5	6,387		0.0000	1.0000	100.00
10.5	2,905		0.0000	1.0000	100.00
11.5					100.00

AQUA TEXAS, INC.
ACCOUNT 375.0 REUSE TRANSMISSION AND DISTRIBUTION SYSTEM
ORIGINAL AND SMOOTH SURVIVOR CURVES



AQUA TEXAS, INC.

ACCOUNT 375.0 REUSE TRANSMISSION AND DISTRIBUTION SYSTEM

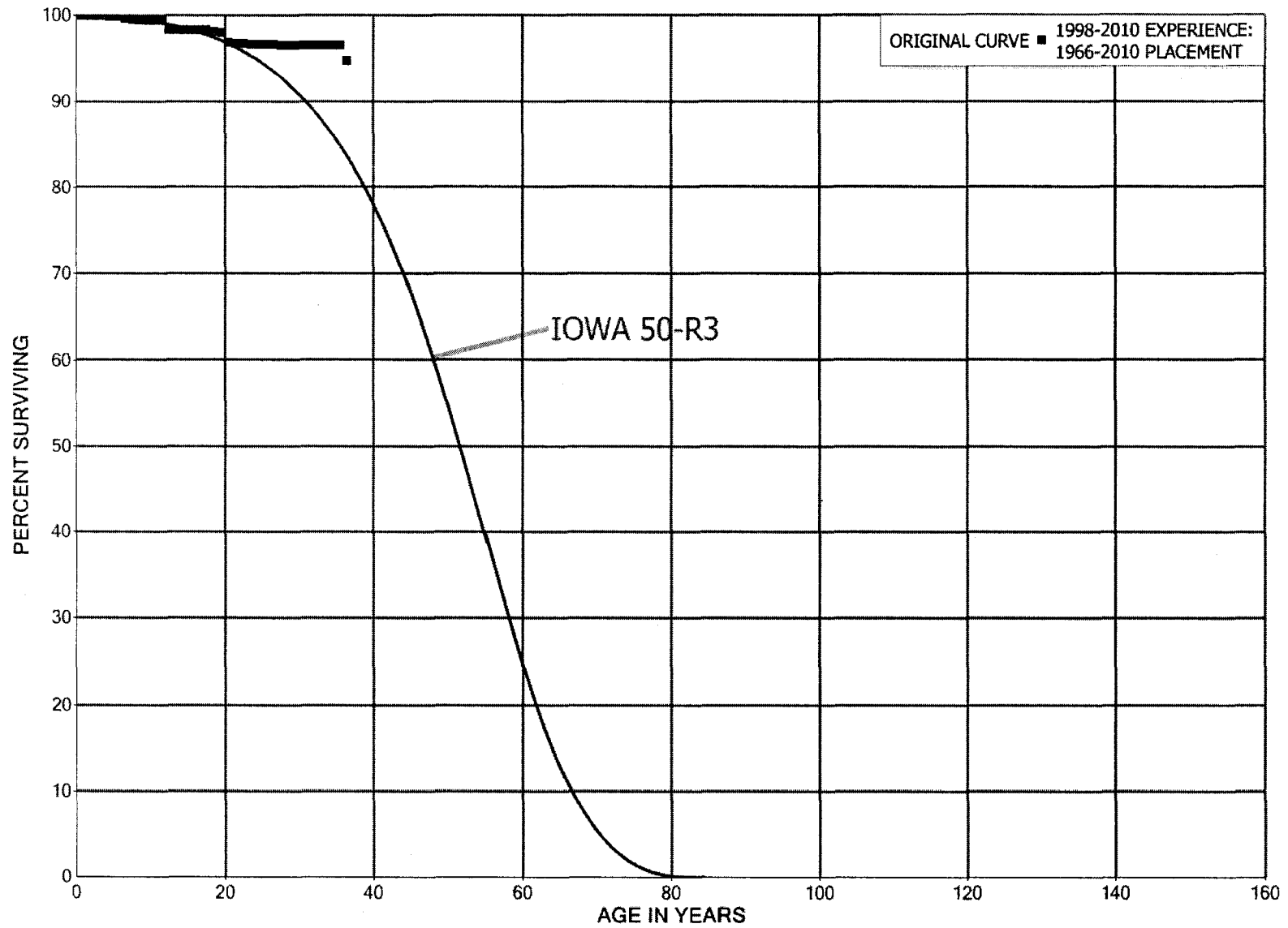
ORIGINAL LIFE TABLE

PLACEMENT BAND 1999-2006

EXPERIENCE BAND 1999-2010

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	1,757,254		0.0000	1.0000	100.00
0.5	1,784,248		0.0000	1.0000	100.00
1.5	1,784,248		0.0000	1.0000	100.00
2.5	1,784,248		0.0000	1.0000	100.00
3.5	1,784,226		0.0000	1.0000	100.00
4.5	1,783,423		0.0000	1.0000	100.00
5.5	1,762,333		0.0000	1.0000	100.00
6.5	1,380,306		0.0000	1.0000	100.00
7.5	1,376,805		0.0000	1.0000	100.00
8.5	1,368,899		0.0000	1.0000	100.00
9.5	923,001		0.0000	1.0000	100.00
10.5					100.00

AQUA TEXAS, INC.
ACCOUNT 380.4 TREATMENT AND DISPOSAL EQUIPMENT - TRANSMISSION AND DISTRIBUTION PLANT
ORIGINAL AND SMOOTH SURVIVOR CURVES



AQUA TEXAS, INC.

ACCOUNT 380.4 TREATMENT AND DISPOSAL EQUIPMENT - TRANSMISSION AND
DISTRIBUTION PLANT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1966-2010

EXPERIENCE BAND 1998-2010

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	7,395,313		0.0000	1.0000	100.00
0.5	7,610,934		0.0000	1.0000	100.00
1.5	8,288,607	2,612	0.0003	0.9997	100.00
2.5	8,078,404	5,096	0.0006	0.9994	99.97
3.5	8,232,588	2,019	0.0002	0.9998	99.91
4.5	8,870,880	1,293	0.0001	0.9999	99.88
5.5	7,649,859	15,400	0.0020	0.9980	99.87
6.5	6,441,628	11,535	0.0018	0.9982	99.67
7.5	6,047,503	6,293	0.0010	0.9990	99.49
8.5	4,181,568		0.0000	1.0000	99.38
9.5	2,371,030		0.0000	1.0000	99.38
10.5	1,848,459		0.0000	1.0000	99.38
11.5	1,847,844	20,812	0.0113	0.9887	99.38
12.5	1,893,697		0.0000	1.0000	98.26
13.5	1,805,544		0.0000	1.0000	98.26
14.5	1,523,629		0.0000	1.0000	98.26
15.5	2,110,138		0.0000	1.0000	98.26
16.5	2,495,429		0.0000	1.0000	98.26
17.5	2,179,818	3,595	0.0016	0.9984	98.26
18.5	2,348,595	3,700	0.0016	0.9984	98.10
19.5	2,403,344	28,000	0.0117	0.9883	97.95
20.5	2,417,984	2,000	0.0008	0.9992	96.81
21.5	2,415,984		0.0000	1.0000	96.73
22.5	2,992,301	3,100	0.0010	0.9990	96.73
23.5	2,989,201		0.0000	1.0000	96.63
24.5	3,043,993		0.0000	1.0000	96.63
25.5	2,977,328		0.0000	1.0000	96.63
26.5	2,959,124	2,500	0.0008	0.9992	96.63
27.5	2,719,201		0.0000	1.0000	96.54
28.5	2,156,302		0.0000	1.0000	96.54
29.5	1,351,941		0.0000	1.0000	96.54
30.5	1,344,420		0.0000	1.0000	96.54
31.5	1,036,014		0.0000	1.0000	96.54
32.5	894,941		0.0000	1.0000	96.54
33.5	783,754		0.0000	1.0000	96.54
34.5	783,754		0.0000	1.0000	96.54
35.5	106,833	2,000	0.0187	0.9813	96.54
36.5	50,732		0.0000	1.0000	94.74
37.5	50,040		0.0000	1.0000	94.74
38.5	50,040		0.0000	1.0000	94.74

AQUA TEXAS, INC.

ACCOUNT 380.4 TREATMENT AND DISPOSAL EQUIPMENT - TRANSMISSION AND
DISTRIBUTION PLANT

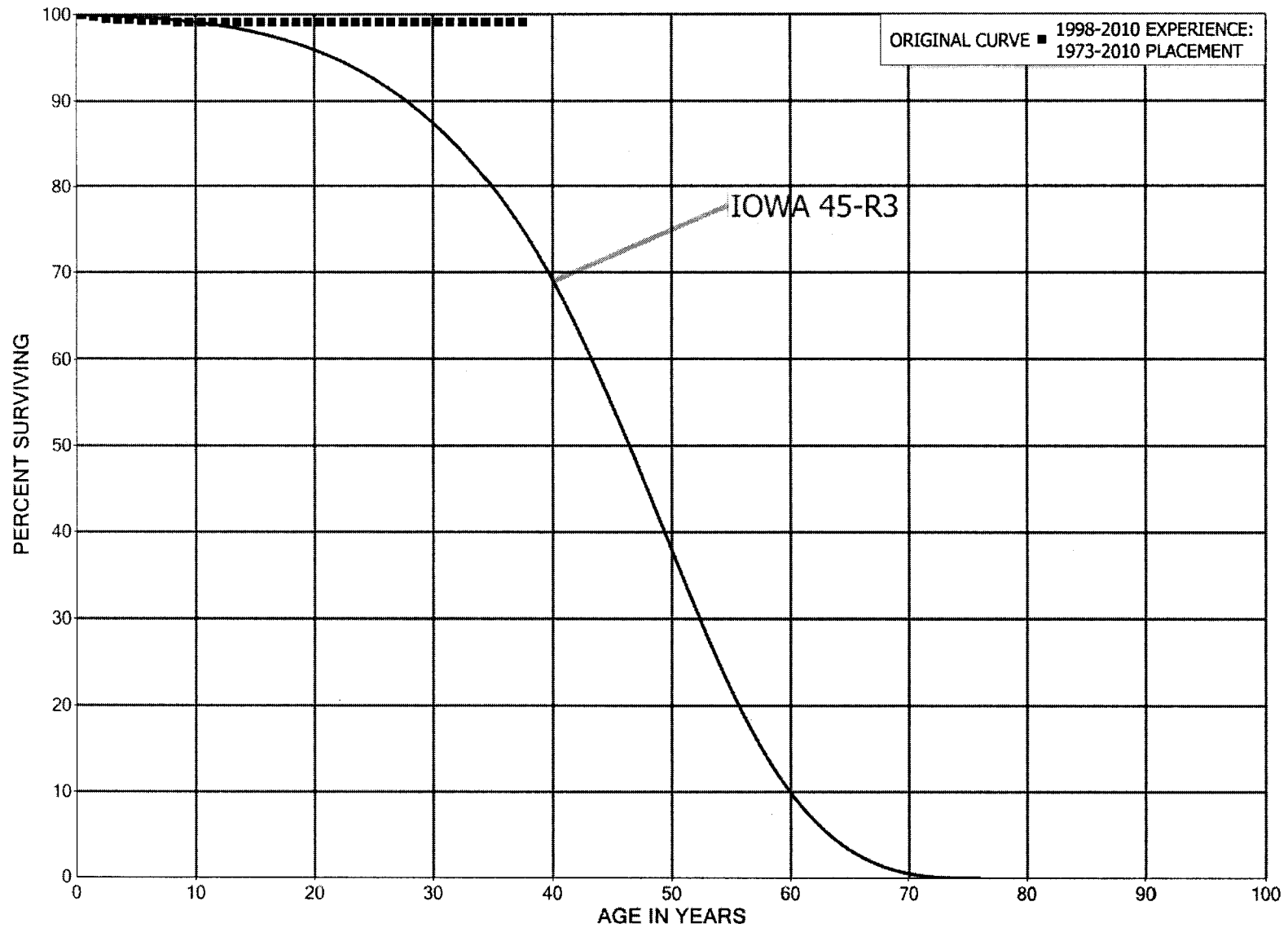
ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1966-2010

EXPERIENCE BAND 1998-2010

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	17,162		0.0000	1.0000	94.74
40.5	17,162		0.0000	1.0000	94.74
41.5	17,162		0.0000	1.0000	94.74
42.5	17,162		0.0000	1.0000	94.74
43.5	17,162		0.0000	1.0000	94.74
44.5					94.74

AQUA TEXAS, INC.
ACCOUNT 380.5 TREATMENT AND DISPOSAL EQUIPMENT - RAW WATER TREATMENT
ORIGINAL AND SMOOTH SURVIVOR CURVES



AQUA TEXAS, INC.

ACCOUNT 380.5 TREATMENT AND DISPOSAL EQUIPMENT - RAW WATER TREATMENT

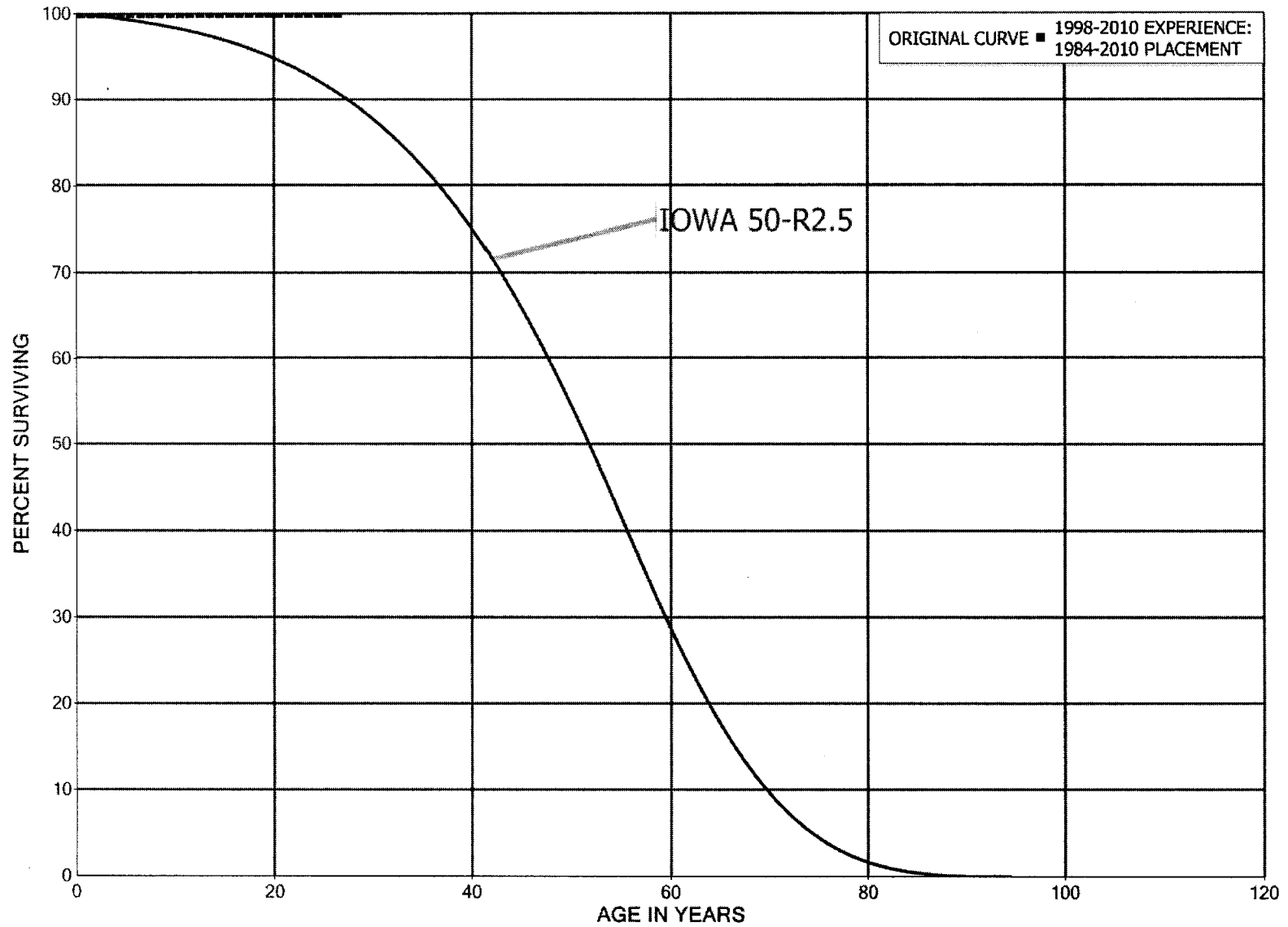
ORIGINAL LIFE TABLE

PLACEMENT BAND 1973-2010

EXPERIENCE BAND 1998-2010

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	8,457,478		0.0000	1.0000	100.00
0.5	8,574,647	21,866	0.0026	0.9974	100.00
1.5	8,487,522	22,893	0.0027	0.9973	99.74
2.5	7,862,560	9,622	0.0012	0.9988	99.48
3.5	7,857,640		0.0000	1.0000	99.35
4.5	7,154,300	3,310	0.0005	0.9995	99.35
5.5	6,034,152		0.0000	1.0000	99.31
6.5	5,976,294	3,184	0.0005	0.9995	99.31
7.5	4,606,668	8,775	0.0019	0.9981	99.26
8.5	3,240,288		0.0000	1.0000	99.07
9.5	2,536,366		0.0000	1.0000	99.07
10.5	1,321,684		0.0000	1.0000	99.07
11.5	1,088,345		0.0000	1.0000	99.07
12.5	1,116,973		0.0000	1.0000	99.07
13.5	979,978		0.0000	1.0000	99.07
14.5	895,441		0.0000	1.0000	99.07
15.5	918,387		0.0000	1.0000	99.07
16.5	918,387		0.0000	1.0000	99.07
17.5	1,284,246		0.0000	1.0000	99.07
18.5	1,202,021		0.0000	1.0000	99.07
19.5	1,202,021		0.0000	1.0000	99.07
20.5	1,202,021		0.0000	1.0000	99.07
21.5	980,044		0.0000	1.0000	99.07
22.5	436,660		0.0000	1.0000	99.07
23.5	436,660		0.0000	1.0000	99.07
24.5	550,995		0.0000	1.0000	99.07
25.5	503,140		0.0000	1.0000	99.07
26.5	503,140		0.0000	1.0000	99.07
27.5	503,140		0.0000	1.0000	99.07
28.5	480,194		0.0000	1.0000	99.07
29.5	480,194		0.0000	1.0000	99.07
30.5	114,335		0.0000	1.0000	99.07
31.5	114,335		0.0000	1.0000	99.07
32.5	114,335		0.0000	1.0000	99.07
33.5	114,335		0.0000	1.0000	99.07
34.5	114,335		0.0000	1.0000	99.07
35.5	114,335		0.0000	1.0000	99.07
36.5	114,335		0.0000	1.0000	99.07
37.5					99.07

AQUA TEXAS, INC.
ACCOUNT 381.4 PLANT SEWERS - TRANSMISSION AND DISTRIBUTION PLANT
ORIGINAL AND SMOOTH SURVIVOR CURVES



AQUA TEXAS, INC.

ACCOUNT 381.4 PLANT SEWERS - TRANSMISSION AND DISTRIBUTION PLANT

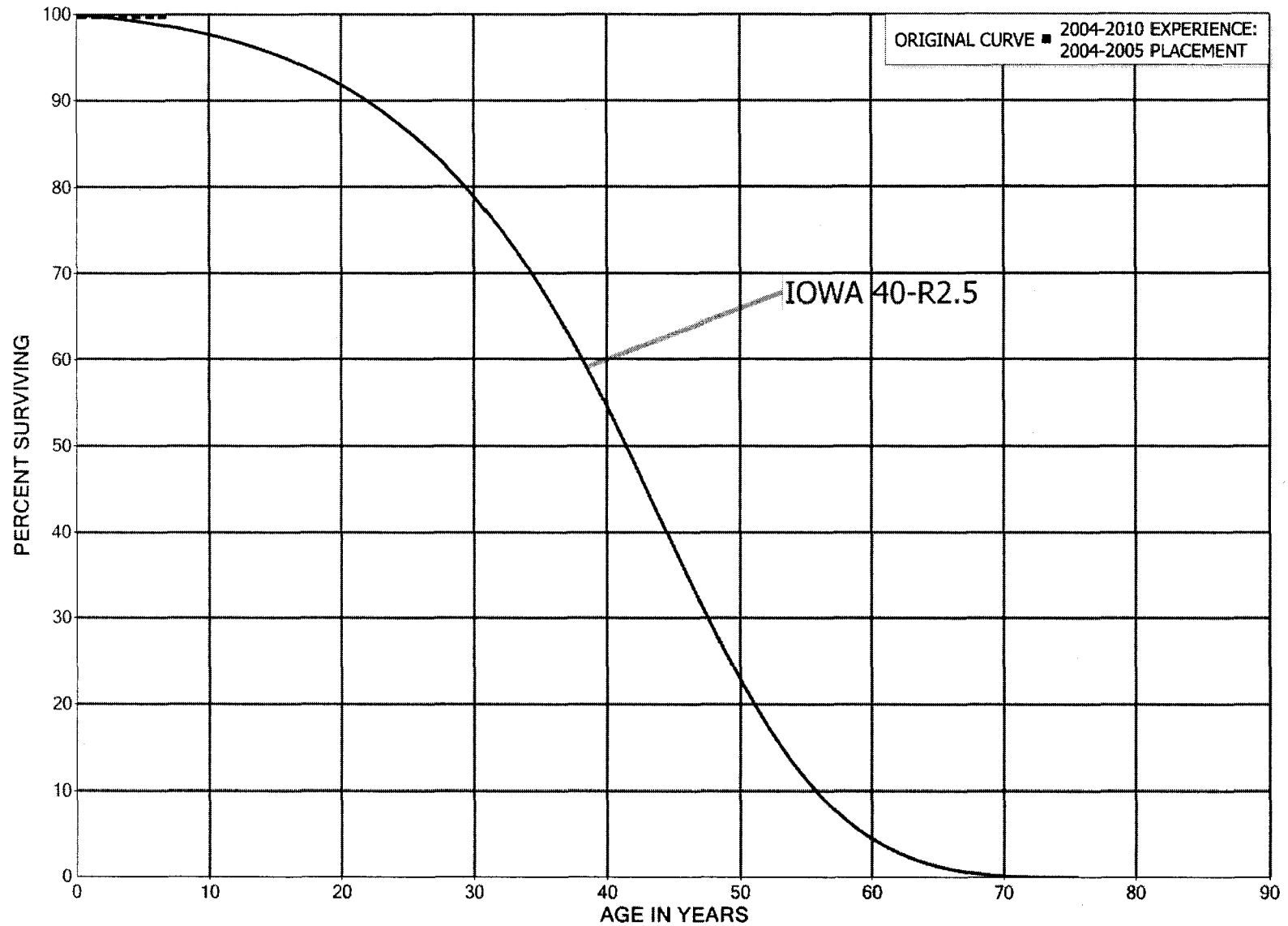
ORIGINAL LIFE TABLE

PLACEMENT BAND 1984-2010

EXPERIENCE BAND 1998-2010

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	599,774		0.0000	1.0000	100.00
0.5	557,944		0.0000	1.0000	100.00
1.5	557,944		0.0000	1.0000	100.00
2.5	516,468		0.0000	1.0000	100.00
3.5	516,468		0.0000	1.0000	100.00
4.5	508,775		0.0000	1.0000	100.00
5.5	491,892		0.0000	1.0000	100.00
6.5	500,665		0.0000	1.0000	100.00
7.5	47,850		0.0000	1.0000	100.00
8.5	47,850		0.0000	1.0000	100.00
9.5	35,425		0.0000	1.0000	100.00
10.5	22,753		0.0000	1.0000	100.00
11.5	22,753		0.0000	1.0000	100.00
12.5	22,753		0.0000	1.0000	100.00
13.5	254,961		0.0000	1.0000	100.00
14.5	254,961		0.0000	1.0000	100.00
15.5	254,961		0.0000	1.0000	100.00
16.5	254,961		0.0000	1.0000	100.00
17.5	254,961		0.0000	1.0000	100.00
18.5	254,961		0.0000	1.0000	100.00
19.5	232,208		0.0000	1.0000	100.00
20.5	232,208		0.0000	1.0000	100.00
21.5	232,208		0.0000	1.0000	100.00
22.5	232,208		0.0000	1.0000	100.00
23.5	232,208		0.0000	1.0000	100.00
24.5	232,208		0.0000	1.0000	100.00
25.5	232,208		0.0000	1.0000	100.00
26.5					100.00

AQUA TEXAS, INC.
ACCOUNT 381.5 PLANT SEWERS - RAW WATER TREATMENT
ORIGINAL AND SMOOTH SURVIVOR CURVES



AQUA TEXAS, INC.

ACCOUNT 381.5 PLANT SEWERS - RAW WATER TREATMENT

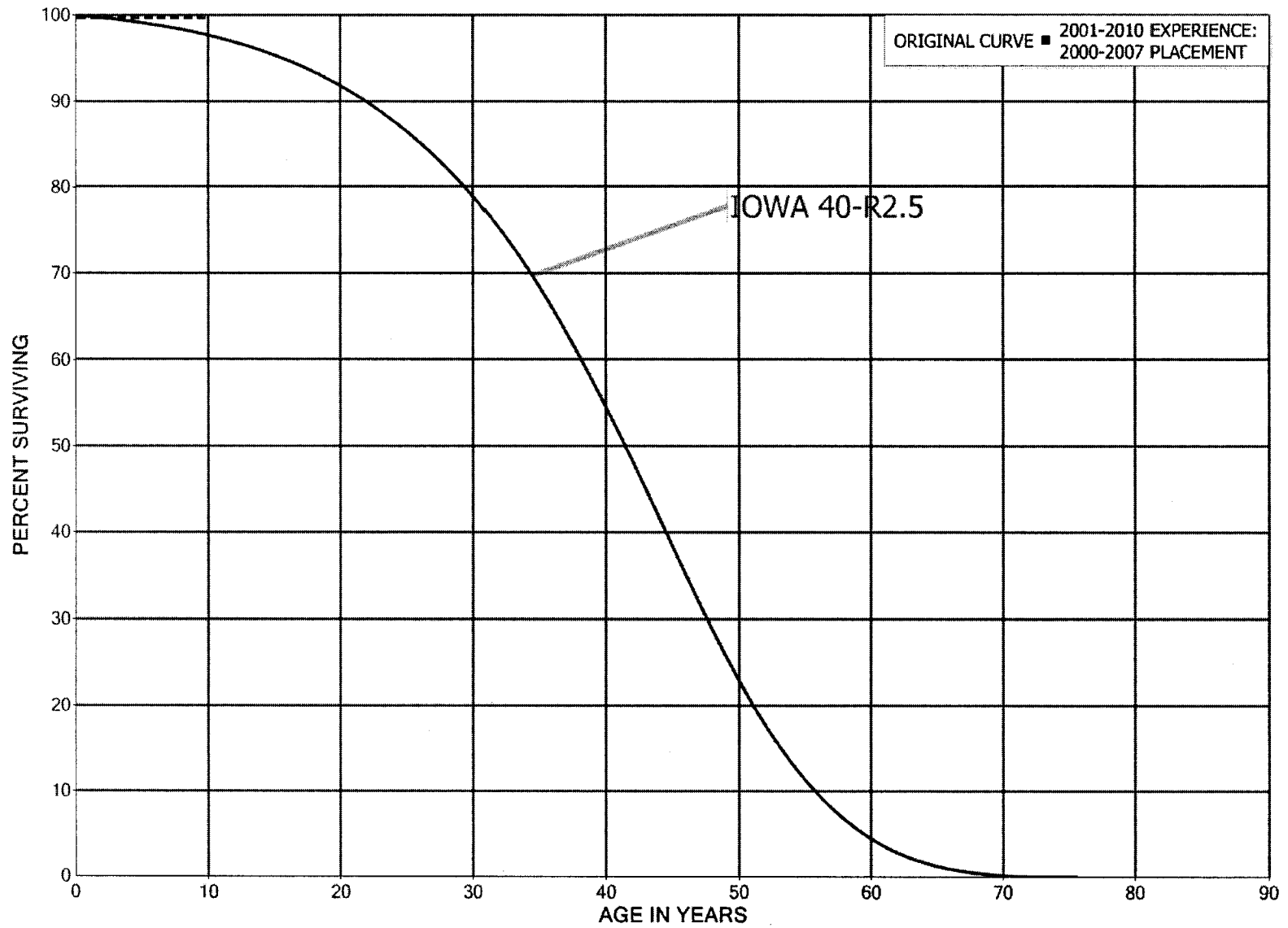
ORIGINAL LIFE TABLE

PLACEMENT BAND 2004-2005

EXPERIENCE BAND 2004-2010

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	27,871		0.0000	1.0000	100.00
0.5	27,871		0.0000	1.0000	100.00
1.5	27,871		0.0000	1.0000	100.00
2.5	27,871		0.0000	1.0000	100.00
3.5	27,871		0.0000	1.0000	100.00
4.5	27,871		0.0000	1.0000	100.00
5.5	972		0.0000	1.0000	100.00
6.5					100.00

AQUA TEXAS, INC.
ACCOUNT 382.0 OUTFALL SEWER LINES
ORIGINAL AND SMOOTH SURVIVOR CURVES



AQUA TEXAS, INC.

ACCOUNT 382.0 OUTFALL SEWER LINES

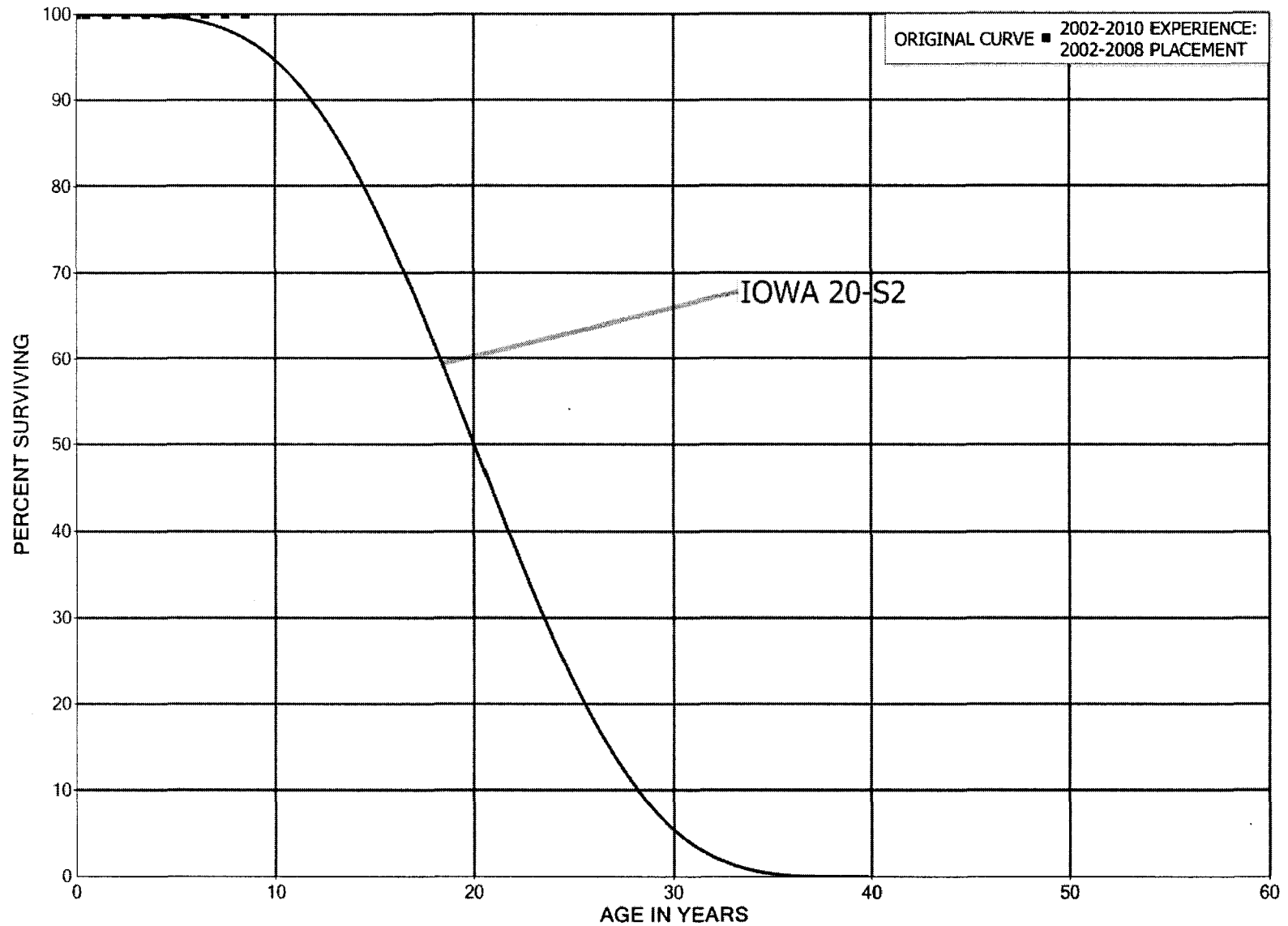
ORIGINAL LIFE TABLE

PLACEMENT BAND 2000-2007

EXPERIENCE BAND 2001-2010

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	11,717		0.0000	1.0000	100.00
0.5	11,717		0.0000	1.0000	100.00
1.5	23,886		0.0000	1.0000	100.00
2.5	23,886		0.0000	1.0000	100.00
3.5	19,373		0.0000	1.0000	100.00
4.5	19,203		0.0000	1.0000	100.00
5.5	12,169		0.0000	1.0000	100.00
6.5	12,169		0.0000	1.0000	100.00
7.5	12,169		0.0000	1.0000	100.00
8.5	12,169		0.0000	1.0000	100.00
9.5					100.00

AQUA TEXAS, INC.
ACCOUNT 389.1 OTHER PLANT AND MISCELLANEOUS EQUIPMENT - INTANGIBLE
ORIGINAL AND SMOOTH SURVIVOR CURVES



AQUA TEXAS, INC.

ACCOUNT 389.1 OTHER PLANT AND MISCELLANEOUS EQUIPMENT - INTANGIBLE

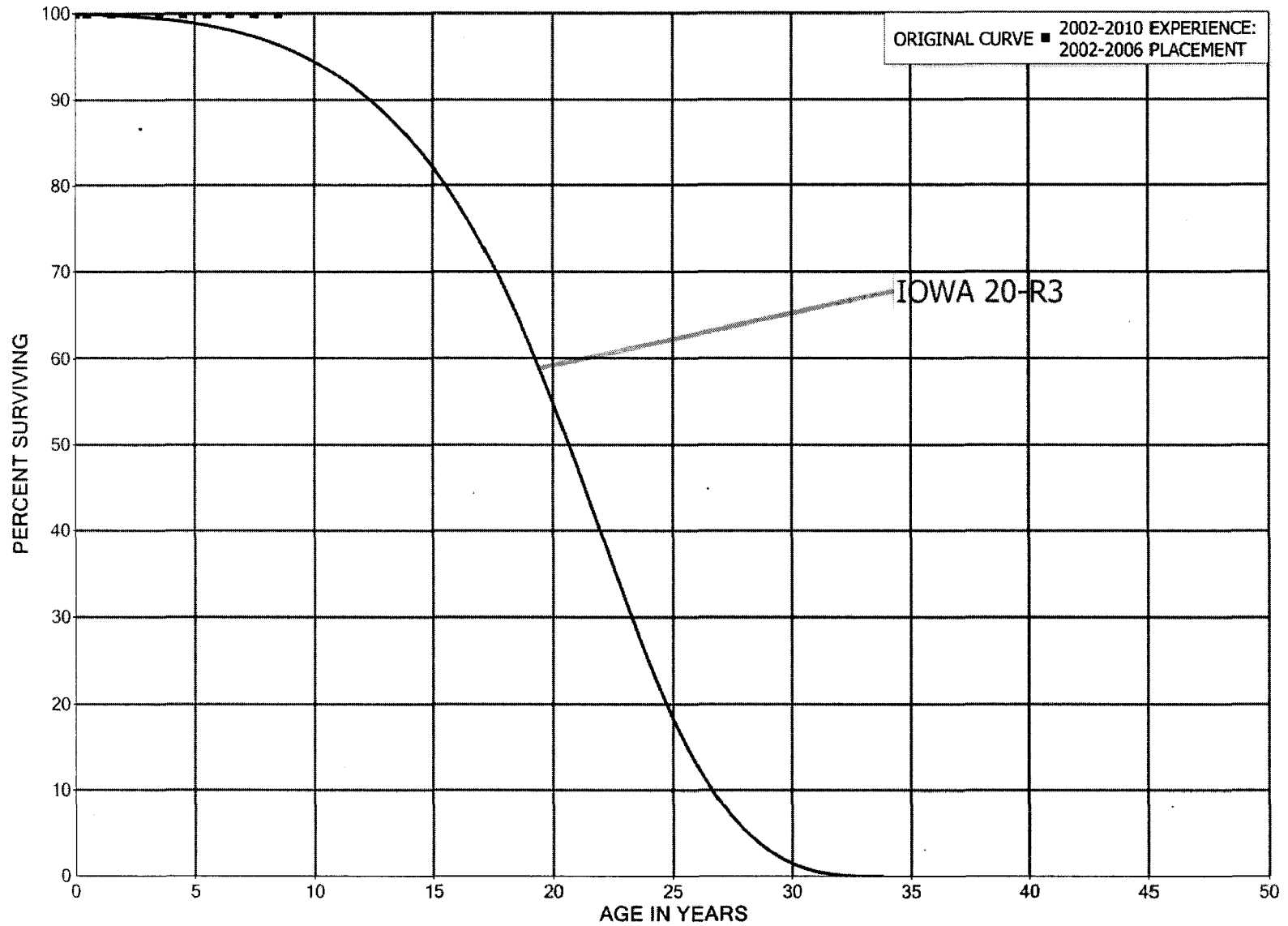
ORIGINAL LIFE TABLE

PLACEMENT BAND 2002-2008

EXPERIENCE BAND 2002-2010

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	34,238		0.0000	1.0000	100.00
0.5	34,238		0.0000	1.0000	100.00
1.5	34,238		0.0000	1.0000	100.00
2.5	30,398		0.0000	1.0000	100.00
3.5	46,167		0.0000	1.0000	100.00
4.5	14,851		0.0000	1.0000	100.00
5.5	13,867		0.0000	1.0000	100.00
6.5	13,401		0.0000	1.0000	100.00
7.5	13,401		0.0000	1.0000	100.00
8.5					100.00

AQUA TEXAS, INC.
ACCOUNT 389.2 OTHER PLANT AND MISCELLANEOUS EQUIPMENT - COLLECTION
ORIGINAL AND SMOOTH SURVIVOR CURVES



AQUA TEXAS, INC.

ACCOUNT 389.2 OTHER PLANT AND MISCELLANEOUS EQUIPMENT - COLLECTION

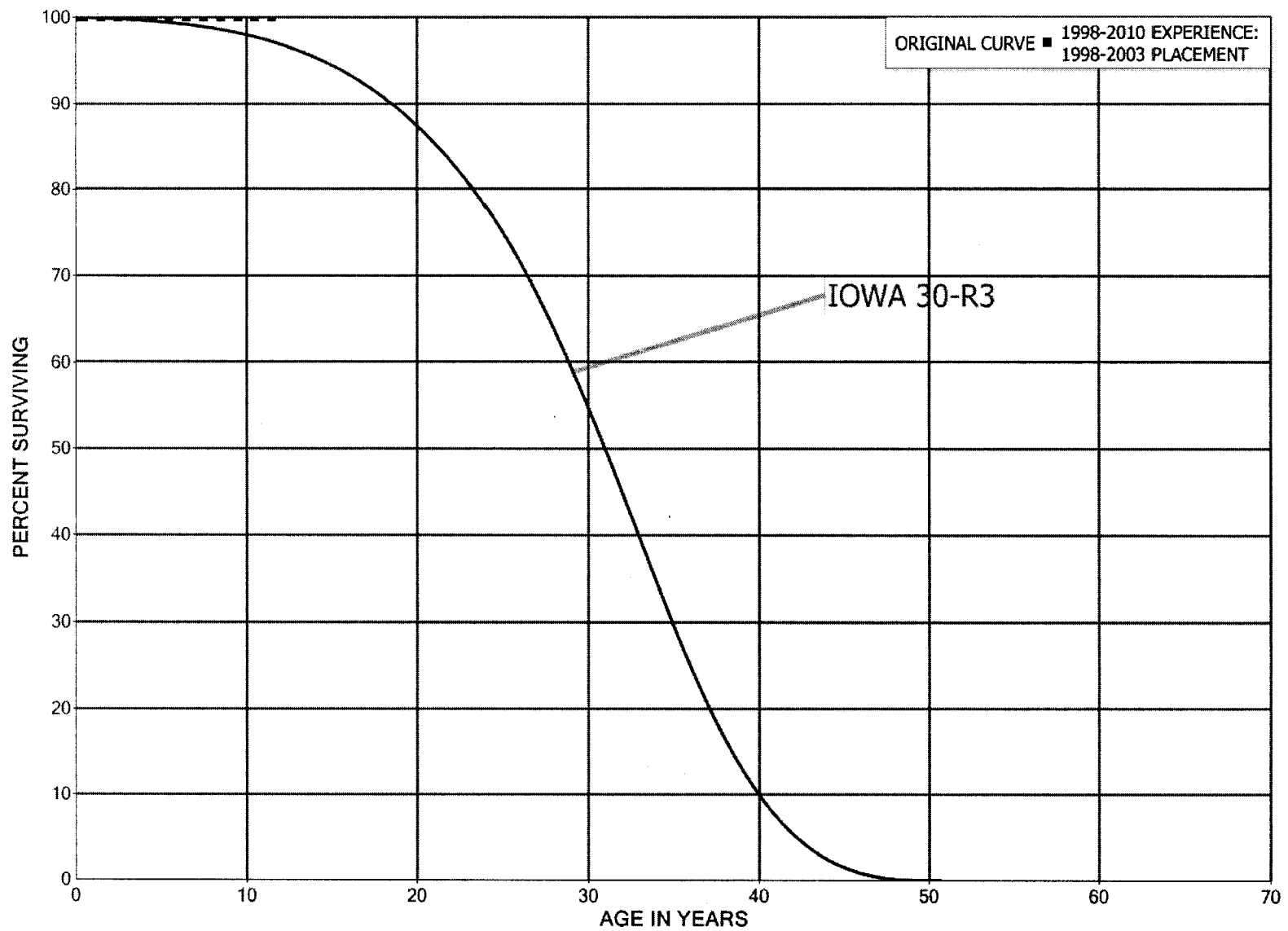
ORIGINAL LIFE TABLE

PLACEMENT BAND 2002-2006

EXPERIENCE BAND 2002-2010

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	1,365		0.0000	1.0000	100.00
0.5	1,365		0.0000	1.0000	100.00
1.5	1,365		0.0000	1.0000	100.00
2.5	1,365		0.0000	1.0000	100.00
3.5	1,365		0.0000	1.0000	100.00
4.5	1,121		0.0000	1.0000	100.00
5.5	1,121		0.0000	1.0000	100.00
6.5	1,121		0.0000	1.0000	100.00
7.5	1,121		0.0000	1.0000	100.00
8.5					100.00

AQUA TEXAS, INC.
ACCOUNT 389.3 OTHER PLANT AND MISCELLANEOUS EQUIPMENT - PUMPING
ORIGINAL AND SMOOTH SURVIVOR CURVES



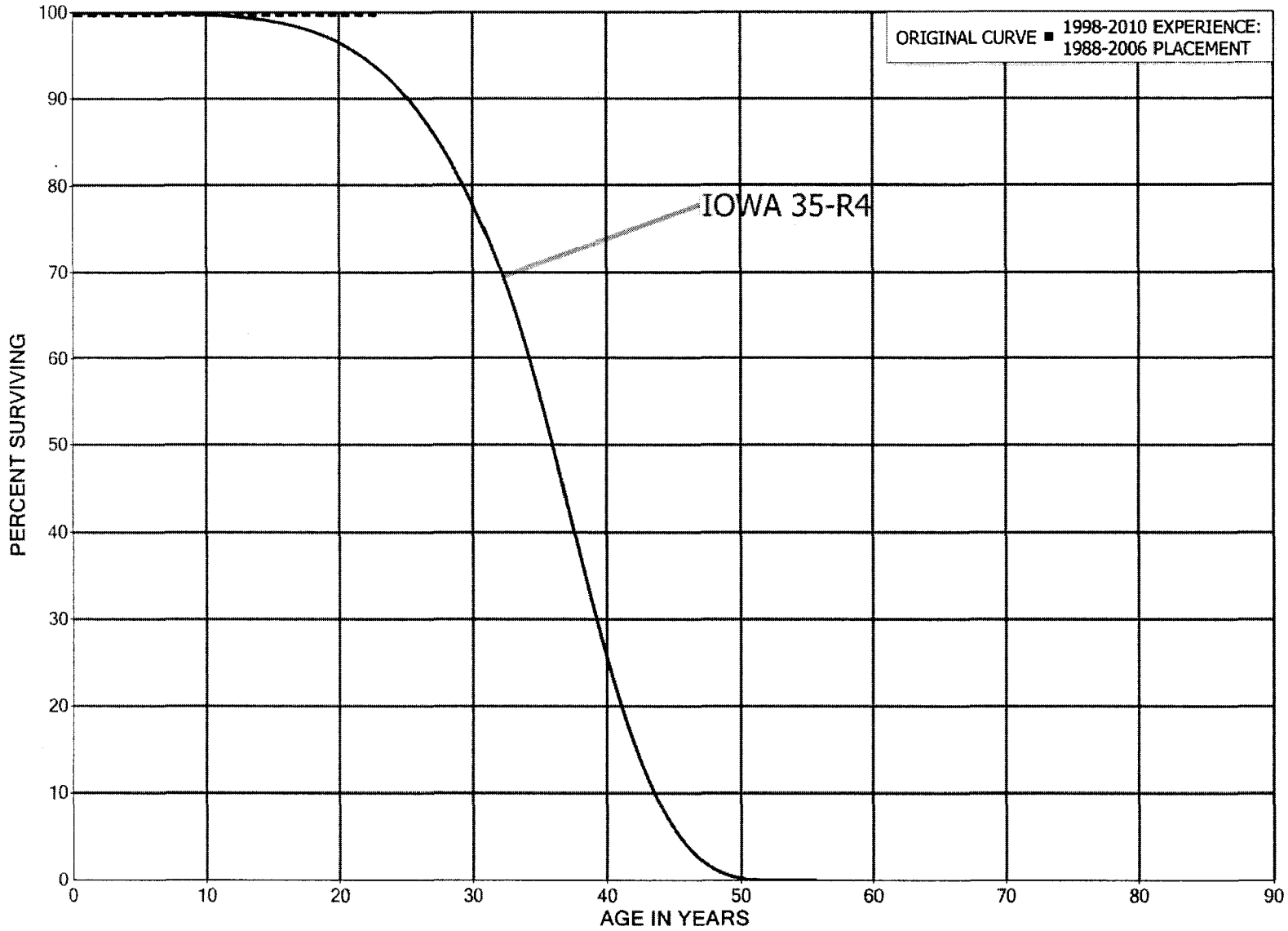
AQUA TEXAS, INC.

ACCOUNT 389.3 OTHER PLANT AND MISCELLANEOUS EQUIPMENT - PUMPING

ORIGINAL LIFE TABLE

PLACEMENT BAND 1998-2003			EXPERIENCE BAND 1998-2010		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	6,822		0.0000	1.0000	100.00
0.5	6,822		0.0000	1.0000	100.00
1.5	6,822		0.0000	1.0000	100.00
2.5	6,822		0.0000	1.0000	100.00
3.5	6,822		0.0000	1.0000	100.00
4.5	6,822		0.0000	1.0000	100.00
5.5	6,822		0.0000	1.0000	100.00
6.5	6,822		0.0000	1.0000	100.00
7.5	3,607		0.0000	1.0000	100.00
8.5	3,607		0.0000	1.0000	100.00
9.5	3,607		0.0000	1.0000	100.00
10.5	3,607		0.0000	1.0000	100.00
11.5					100.00

AQUA TEXAS, INC.
ACCOUNT 389.4 OTHER PLANT AND MISCELLANEOUS EQUIPMENT - TRANSMISSION AND DISTRIBUTION PLANT
ORIGINAL AND SMOOTH SURVIVOR CURVES



AQUA TEXAS, INC.

ACCOUNT 389.4 OTHER PLANT AND MISCELLANEOUS EQUIPMENT - TRANSMISSION AND
DISTRIBUTION PLANT

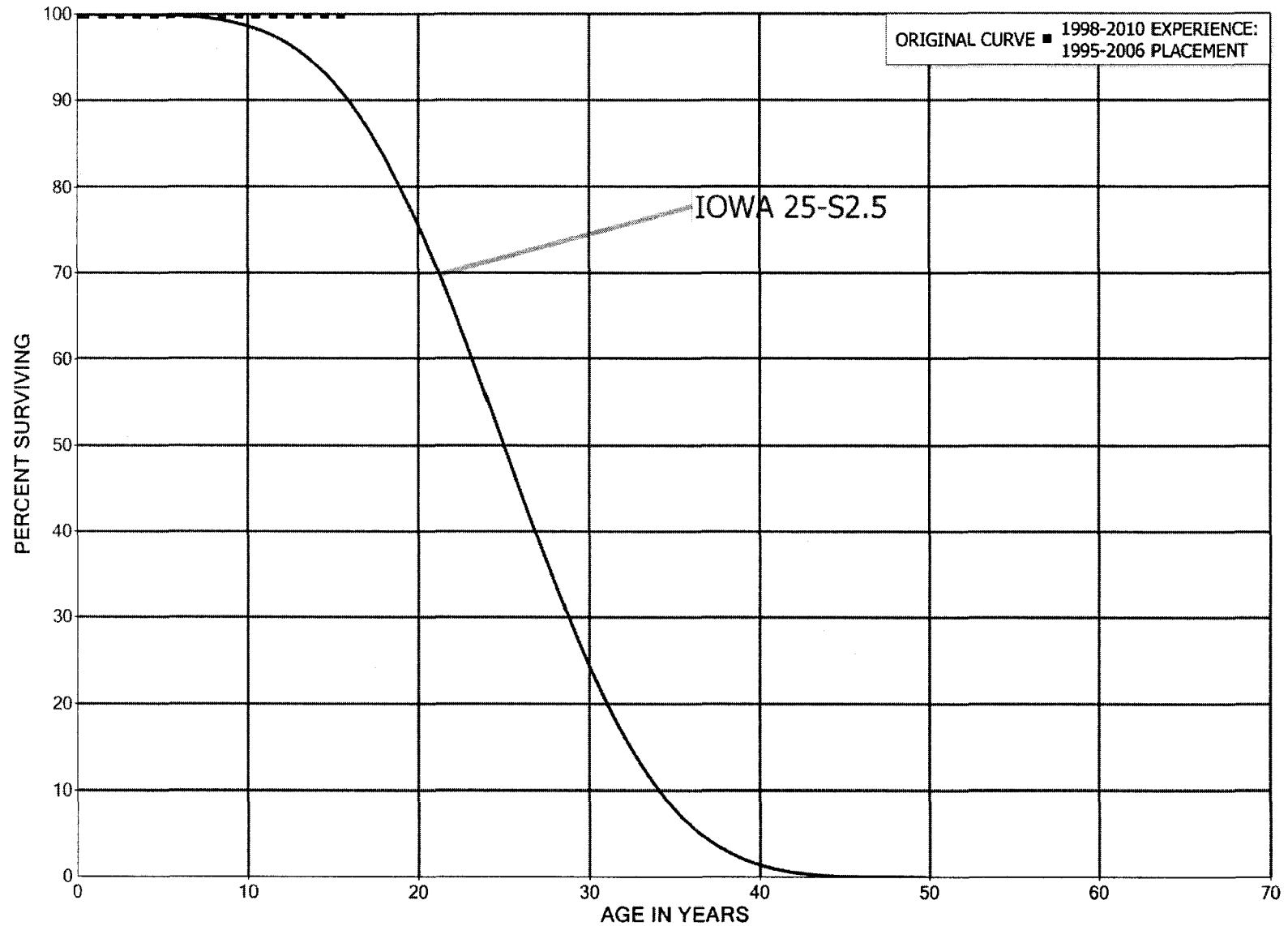
ORIGINAL LIFE TABLE

PLACEMENT BAND 1988-2006

EXPERIENCE BAND 1998-2010

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	11,515		0.0000	1.0000	100.00
0.5	11,515		0.0000	1.0000	100.00
1.5	11,515		0.0000	1.0000	100.00
2.5	11,515		0.0000	1.0000	100.00
3.5	12,536		0.0000	1.0000	100.00
4.5	1,021		0.0000	1.0000	100.00
5.5	1,021		0.0000	1.0000	100.00
6.5	1,021		0.0000	1.0000	100.00
7.5	1,021		0.0000	1.0000	100.00
8.5	1,021		0.0000	1.0000	100.00
9.5	3,931		0.0000	1.0000	100.00
10.5	3,931		0.0000	1.0000	100.00
11.5	3,931		0.0000	1.0000	100.00
12.5	3,931		0.0000	1.0000	100.00
13.5	3,931		0.0000	1.0000	100.00
14.5	3,931		0.0000	1.0000	100.00
15.5	3,931		0.0000	1.0000	100.00
16.5	2,910		0.0000	1.0000	100.00
17.5	2,910		0.0000	1.0000	100.00
18.5	2,910		0.0000	1.0000	100.00
19.5	2,910		0.0000	1.0000	100.00
20.5	2,910		0.0000	1.0000	100.00
21.5	2,910		0.0000	1.0000	100.00
22.5					100.00

AQUA TEXAS, INC.
ACCOUNT 389.5 OTHER PLANT AND MISCELLANEOUS EQUIPMENT - RAW WATER TREATMENT
ORIGINAL AND SMOOTH SURVIVOR CURVES



AQUA TEXAS, INC.

ACCOUNT 389.5 OTHER PLANT AND MISCELLANEOUS EQUIPMENT - RAW WATER TREATMENT

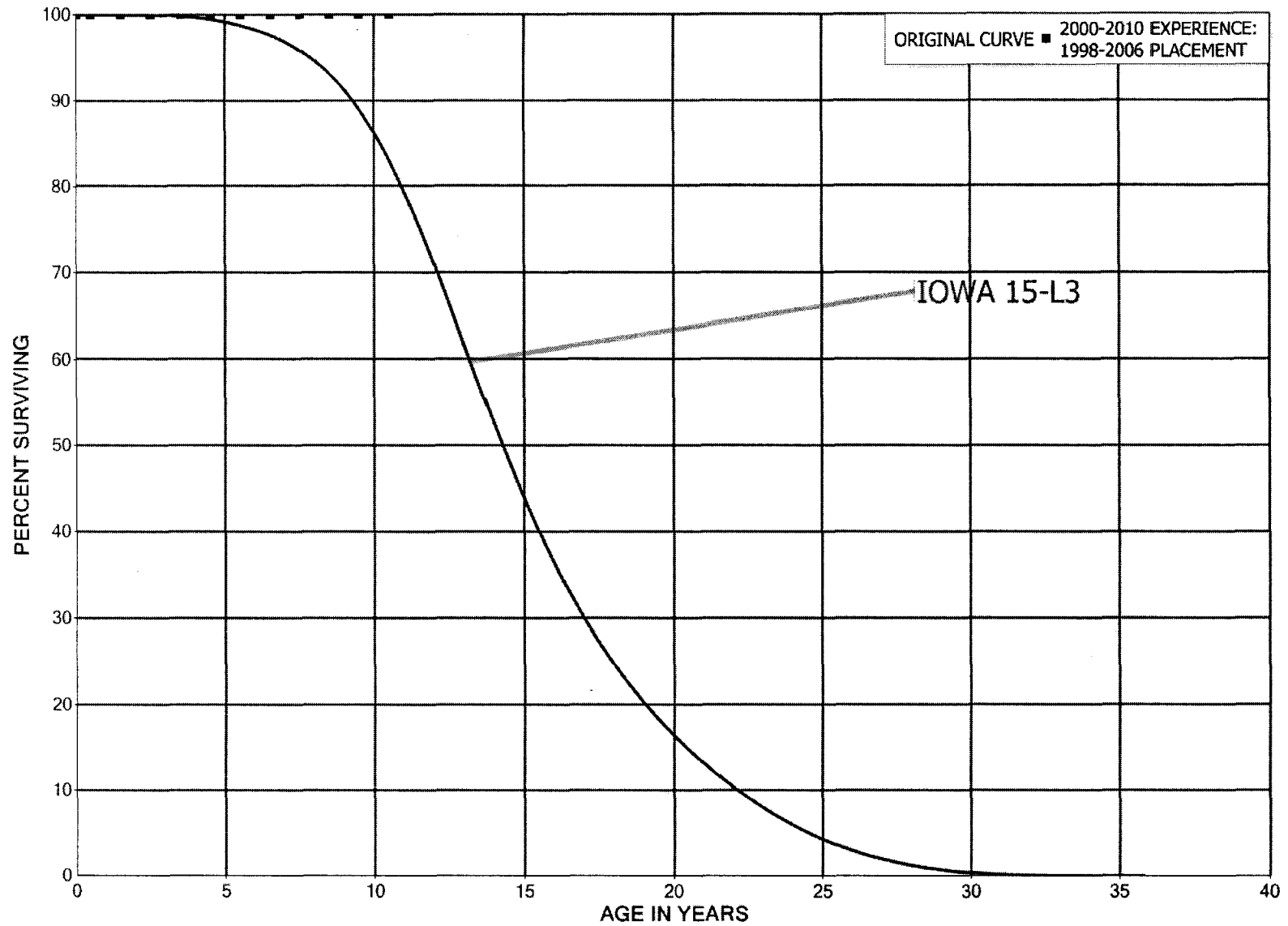
ORIGINAL LIFE TABLE

PLACEMENT BAND 1995-2006

EXPERIENCE BAND 1998-2010

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	162,379		0.0000	1.0000	100.00
0.5	162,379		0.0000	1.0000	100.00
1.5	162,445		0.0000	1.0000	100.00
2.5	185,467		0.0000	1.0000	100.00
3.5	185,640		0.0000	1.0000	100.00
4.5	187,882		0.0000	1.0000	100.00
5.5	180,233		0.0000	1.0000	100.00
6.5	63,966		0.0000	1.0000	100.00
7.5	35,511		0.0000	1.0000	100.00
8.5	26,204		0.0000	1.0000	100.00
9.5	26,204		0.0000	1.0000	100.00
10.5	24,589		0.0000	1.0000	100.00
11.5	24,589		0.0000	1.0000	100.00
12.5	23,022		0.0000	1.0000	100.00
13.5	23,022		0.0000	1.0000	100.00
14.5	23,022		0.0000	1.0000	100.00
15.5					100.00

AQUA TEXAS, INC.
ACCOUNT 391.0 TRANSPORTATION EQUIPMENT
ORIGINAL AND SMOOTH SURVIVOR CURVES



AQUA TEXAS, INC.

ACCOUNT 391.0 TRANSPORTATION EQUIPMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1998-2006

EXPERIENCE BAND 2000-2010

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	66,409		0.0000	1.0000	100.00
0.5	66,409		0.0000	1.0000	100.00
1.5	67,451		0.0000	1.0000	100.00
2.5	160,547		0.0000	1.0000	100.00
3.5	160,547		0.0000	1.0000	100.00
4.5	98,702		0.0000	1.0000	100.00
5.5	95,994		0.0000	1.0000	100.00
6.5	32,292		0.0000	1.0000	100.00
7.5	32,292		0.0000	1.0000	100.00
8.5	32,292		0.0000	1.0000	100.00
9.5	31,250		0.0000	1.0000	100.00
10.5					100.00

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NET SALVAGE STATISTICS

AQUA TEXAS, INC.

ACCOUNT 354.2 STRUCTURES AND IMPROVEMENTS - COLLECTION

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
2006	5,722		0		0		0
2007	20,016		0		0		0
2008							
2009							
2010	1,731		0		0		0
TOTAL	27,469		0		0		0
THREE-YEAR MOVING AVERAGES							
06-08	8,579		0		0		0
07-09	6,672		0		0		0
08-10	577		0		0		0
FIVE-YEAR AVERAGE							
06-10	5,494		0		0		0

AQUA TEXAS, INC.

ACCOUNT 354.4 STRUCTURES AND IMPROVEMENTS - TRANSMISSION AND DISTRIBUTION
PLANT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
2005	1,783		0		0		0
2006							
2007							
2008							
2009	126		0		0		0
2010	13,030		0		0		0
TOTAL	14,940		0		0		0
THREE-YEAR MOVING AVERAGES							
05-07	594		0		0		0
06-08							
07-09	42		0		0		0
08-10	4,386		0		0		0
FIVE-YEAR AVERAGE							
06-10	2,631		0		0		0

AQUA TEXAS, INC.

ACCOUNT 354.5 STRUCTURES AND IMPROVEMENTS - RAW WATER TREATMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
2006	906		0		0		0
2007							
2008							
2009							
2010							
TOTAL	906		0		0		0
THREE-YEAR MOVING AVERAGES							
06-08	302		0		0		0
07-09							
08-10							
FIVE-YEAR AVERAGE							
06-10	181		0		0		0

AQUA TEXAS, INC.

ACCOUNT 360.0 COLLECTION SEWERS - FORCE

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
2008	858		0		0		0
2009	466		0		0		0
2010							
TOTAL	1,324		0		0		0
THREE-YEAR MOVING AVERAGES							
08-10	441		0		0		0

AQUA TEXAS, INC.

ACCOUNT 361.0 COLLECTION SEWERS - GRAVITY

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
2005	21,526		0		0		0
2006	2,855		0		0		0
2007	10,951		0		0		0
2008							
2009							
2010							
TOTAL	35,333		0		0		0
THREE-YEAR MOVING AVERAGES							
05-07	11,778		0		0		0
06-08	4,602		0		0		0
07-09	3,650		0		0		0
08-10							
FIVE-YEAR AVERAGE							
06-10	2,761		0		0		0

AQUA TEXAS, INC.

ACCOUNT 364.0 FLOW MEASURING DEVICES

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
2009	11,126		0		0		0
2010							
TOTAL	11,126		0		0		0

AQUA TEXAS, INC.

ACCOUNT 365.0 FLOW MEASURING INSTALLATIONS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
2009	4,004		0		0		0
2010							
TOTAL	4,004		0		0		0

AQUA TEXAS, INC.

ACCOUNT 370.0 RECEIVING WELLS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
2007	8,681		0		0		0
2008							
2009							
2010							
TOTAL	8,681		0		0		0
THREE-YEAR MOVING AVERAGES							
07-09	2,894		0		0		0
08-10							

AQUA TEXAS, INC.

ACCOUNT 371.3 PUMPING EQUIPMENT - PUMPING

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
2005	22,238		0		0		0
2006	23,718		0		0		0
2007	84,583		0		0		0
2008	7,901		0		0		0
2009	58,043		0		0		0
2010	84,194		0		0		0
TOTAL	280,677		0		0		0
THREE-YEAR MOVING AVERAGES							
05-07	43,513		0		0		0
06-08	38,734		0		0		0
07-09	50,176		0		0		0
08-10	50,046		0		0		0
FIVE-YEAR AVERAGE							
06-10	51,688		0		0		0

AQUA TEXAS, INC.

ACCOUNT 371.5 PUMPING EQUIPMENT - RAW WATER TREATMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
2006	1,700		0		0		0
2007							
2008							
2009	2,208		0		0		0
2010	8,723		0		0		0
TOTAL	12,631		0		0		0
THREE-YEAR MOVING AVERAGES							
06-08	567		0		0		0
07-09	736		0		0		0
08-10	3,644		0		0		0
FIVE-YEAR AVERAGE							
06-10	2,526		0		0		0

AQUA TEXAS, INC.

ACCOUNT 380.4 TREATMENT AND DISPOSAL EQUIPMENT - TRANSMISSION AND
DISTRIBUTION PLANT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
2006	2,612		0		0		0
2007	8,408		0		0		0
2008	11,535		0		0		0
2009	9,888		0		0		0
2010							
TOTAL	32,444		0		0		0
THREE-YEAR MOVING AVERAGES							
06-08	7,519		0		0		0
07-09	9,944		0		0		0
08-10	7,141		0		0		0
FIVE-YEAR AVERAGE							
06-10	6,489		0		0		0

AQUA TEXAS, INC.

ACCOUNT 380.5 TREATMENT AND DISPOSAL EQUIPMENT - RAW WATER TREATMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
2005	2,249		0		0		0
2006	3,310		0		0		0
2007	8,775		0		0		0
2008	12,527		0		0		0
2009	31,289		0		0		0
2010	10,366		0		0		0
TOTAL	68,515		0		0		0

THREE-YEAR MOVING AVERAGES

05-07	4,778		0		0		0
06-08	8,204		0		0		0
07-09	17,530		0		0		0
08-10	18,061		0		0		0

FIVE-YEAR AVERAGE

06-10	13,253		0		0		0
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DEPRECIATION CALCULATIONS

AQUA TEXAS, INC.

ACCOUNT 354.2 STRUCTURES AND IMPROVEMENTS - COLLECTION

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 50-R2.5						
NET SALVAGE PERCENT.. -5						
1971	1,463.09	993	1,536			
1972	336.35	224	353			
1973	8,372.03	5,455	8,791			
1976	16,422.39	10,005	17,092	152	20.99	7
1977	484.42	288	492	17	21.68	1
1979	321.80	182	311	27	23.11	1
1980	3,397.98	1,867	3,190	378	23.84	16
1981	1,777.00	949	1,621	245	24.58	10
1983	18,056.24	9,066	15,488	3,471	26.09	133
1984	17,780.32	8,640	14,760	3,909	26.86	146
1989	6,337.65	2,550	4,356	2,299	30.84	75
1990	1,293.00	498	851	507	31.66	16
1991	8,049.00	2,960	5,057	3,394	32.49	104
1996	1,766.78	491	839	1,016	36.76	28
1999	9,107.00	2,025	3,459	6,103	39.41	155
2000	2,499.80	509	870	1,755	40.30	44
2001	7,392.00	1,366	2,334	5,428	41.20	132
2002	15,662.41	2,595	4,433	12,013	42.11	285
2003	594,463.21	87,136	148,860	475,326	43.02	11,049
2004	492,061.75	62,723	107,153	409,512	43.93	9,322
2005	144,487.48	15,596	26,644	125,068	44.86	2,788
2006	54,986.59	4,873	8,325	49,411	45.78	1,079
2007	21,096.17	1,458	2,491	19,660	46.71	421
2008	4,880.46	241	412	4,712	47.65	99
2009	133,332.00	3,948	6,744	133,255	48.59	2,742
	1,565,826.92	226,638	386,462	1,257,656		28,653

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 43.9 1.83

AQUA TEXAS, INC.

ACCOUNT 354.3 STRUCTURES AND IMPROVEMENTS - PUMPING

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 45-R3						
NET SALVAGE PERCENT.. -5						
1983	8,313.00	4,810	7,185	1,544	20.20	76
1998	1,990.00	557	832	1,258	33.00	38
1999	3,397.00	877	1,310	2,257	33.93	67
2001	3,180.00	682	1,019	2,320	35.81	65
2002	654,211.83	125,933	188,118	498,804	36.75	13,573
2004	280.00	41	61	233	38.67	6
2005	6,331.78	793	1,185	5,463	39.63	138
2006	27,992.49	2,874	4,293	25,099	40.60	618
2007	21,884.23	1,751	2,615	20,363	41.57	490
2008	4,064.32	232	347	3,921	42.55	92
2009	74,766.77	2,565	3,831	74,674	43.53	1,715
2010	11,623.40	133	199	12,006	44.51	270
	818,034.82	141,248	210,995	647,942		17,148
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 37.8						2.10

AQUA TEXAS, INC.

ACCOUNT 354.4 STRUCTURES AND IMPROVEMENTS - TRANSMISSION AND DISTRIBUTION
PLANT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 45-R2.5						
NET SALVAGE PERCENT.. -5						
1966	1,036.10	822	1,088			
1973	6,469.00	4,569	6,792			
1981	44,955.02	26,255	47,203			
1983	13,132.35	7,225	13,366	423	21.42	20
1984	1,024.23	546	1,010	65	22.16	3
1988	15,502.92	7,155	13,237	3,041	25.22	121
1992	4,340.28	1,676	3,101	1,456	28.45	51
1993	7,285.74	2,672	4,943	2,707	29.28	92
1996	15,058.82	4,628	8,562	7,250	31.83	228
1999	77,095.75	18,978	35,109	45,842	34.45	1,331
2001	72,534.35	14,843	27,460	48,701	36.23	1,344
2002	155,254.78	28,510	52,744	110,274	37.13	2,970
2003	6,699.17	1,090	2,016	5,018	38.03	132
2006	25,678.37	2,523	4,668	22,294	40.79	547
2010	99,713.62	1,093	2,022	102,677	44.53	2,306
	545,780.50	122,585	223,321	349,749		9,145

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 38.2 1.68

AQUA TEXAS, INC.

ACCOUNT 354.5 STRUCTURES AND IMPROVEMENTS - RAW WATER TREATMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 45-S2.5						
NET SALVAGE PERCENT.. -5						
1980	5,646.00	3,619	5,928			
1983	1,529.00	906	1,605			
1991	927.00	409	749	224	26.08	9
2000	1,477.91	360	659	893	34.55	26
2001	391,192.54	86,439	158,273	252,479	35.53	7,106
2002	591,191.74	116,974	214,183	406,568	36.52	11,133
2003	409,584.16	71,580	131,065	298,998	37.51	7,971
2004	1,169,585.45	177,111	324,296	903,769	38.51	23,468
2005	132,987.98	17,066	31,248	108,389	39.50	2,744
2006	476,671.54	50,051	91,645	408,860	40.50	10,095
2007	729,335.77	59,564	109,064	656,739	41.50	15,825
2008	128,609.30	7,503	13,738	121,302	42.50	2,854
2009	46,114.96	1,614	2,955	45,466	43.50	1,045
2010	6,563.00	77	141	6,750	44.50	152
	4,091,416.35	593,273	1,085,549	3,210,438		82,428

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 38.9 2.01

AQUA TEXAS, INC.

ACCOUNT 354.7 STRUCTURES AND IMPROVEMENTS - GENERAL

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 55-R4						
NET SALVAGE PERCENT.. 0						
1980	225.00	121	225			
1982	313.00	158	313			
1985	2,245.00	1,020	2,245			
1992	27,113.00	9,036	19,895	7,218	36.67	197
1996	270.00	71	156	114	40.58	3
1998	16,227.00	3,673	8,087	8,140	42.55	191
1999	131,133.00	27,323	60,159	70,974	43.54	1,630
2001	106,105.68	18,269	40,224	65,882	45.53	1,447
2002	605,545.33	93,363	205,563	399,982	46.52	8,598
2003	16,213.53	2,205	4,855	11,359	47.52	239
2004	569,688.33	67,223	148,009	421,679	48.51	8,693
2005	216,769.78	21,638	47,641	169,129	49.51	3,416
2006	104,596.48	8,539	18,801	85,795	50.51	1,699
2007	38,189.70	2,430	5,350	32,840	51.50	638
2008	14,311.25	650	1,431	12,880	52.50	245
2009	20,347.00	555	1,222	19,125	53.50	357
2010	6,237.20	57	126	6,111	54.50	112
	1,875,530.28	256,331	564,302	1,311,228		27,465
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 47.7						1.46

AQUA TEXAS, INC.

ACCOUNT 355.2 POWER GENERATION EQUIPMENT - COLLECTION

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE... IOWA 30-S1.5						
NET SALVAGE PERCENT... 0						
2003	48,234.06	11,624	16,717	31,517	22.77	1,384
	48,234.06	11,624	16,717	31,517		1,384
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 22.8						2.87

AQUA TEXAS, INC.

ACCOUNT 355.4 POWER GENERATION EQUIPMENT - TRANSMISSION AND DISTRIBUTION
PLANT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 25-R2.5						
NET SALVAGE PERCENT.. 0						
2010	10,659.65	200	225	10,435	24.53	425
	10,659.65	200	225	10,435		425
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT ..						24.6 3.99

AQUA TEXAS, INC.

ACCOUNT 355.5 POWER GENERATION EQUIPMENT - RAW WATER TREATMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 25-R3						
NET SALVAGE PERCENT.. 0						
2003	29,176.16	8,379	6,502	22,674	17.82	1,272
2004	53,482.94	13,371	10,375	43,108	18.75	2,299
2005	2,451.17	522	405	2,046	19.68	104
	85,110.27	22,272	17,282	67,828		3,675

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 18.5 4.32

AQUA TEXAS, INC.

ACCOUNT 360.0 COLLECTION SEWERS - FORCE

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 70-R4						
NET SALVAGE PERCENT.. -10						
1966	85,855.89	57,259	53,677	40,764	27.56	1,479
1972	3,275.13	1,920	1,800	1,803	32.70	55
1973	125,034.00	71,539	67,064	70,473	33.59	2,098
1974	14,521.24	8,105	7,598	8,375	34.48	243
1976	23,311.00	12,345	11,573	14,069	36.30	388
1977	86,898.23	44,763	41,963	53,625	37.22	1,441
1979	25,604.00	12,445	11,666	16,498	39.07	422
1980	17,624.12	8,306	7,786	11,601	40.01	290
1981	42,707.00	19,496	18,276	28,702	40.95	701
1982	25,100.01	11,083	10,390	17,220	41.90	411
1984	29,780.14	12,256	11,489	21,269	43.81	485
1985	1,030.00	408	382	751	44.78	17
1988	50,007.21	17,540	16,443	38,565	47.68	809
1989	14,925.26	5,005	4,692	11,726	48.66	241
1990	5,367.88	1,717	1,610	4,295	49.64	87
1992	100,916.00	29,179	27,354	83,654	51.60	1,621
1993	3,910.00	1,070	1,003	3,298	52.59	63
1995	46,813.35	11,358	10,647	40,848	54.56	749
1996	1,991.84	452	424	1,767	55.55	32
1999	37,381.00	6,738	6,316	34,803	58.53	595
2000	336,154.00	55,358	51,895	317,874	59.52	5,341
2001	897,991.29	133,776	125,407	862,383	60.52	14,250
2002	935,256.81	124,627	116,831	911,951	61.52	14,824
2003	893,432.27	105,157	98,579	884,196	62.51	14,145
2004	40,728.91	4,154	3,894	40,908	63.51	644
2005	689,695.97	59,502	55,780	702,886	64.51	10,896
2006	202,054.39	14,256	13,364	208,896	65.51	3,189
2007	655,884.91	36,074	33,817	687,656	66.50	10,341
2008	475,647.11	18,684	17,515	505,697	67.50	7,492
2009	93,977.31	2,215	2,076	101,299	68.50	1,479
2010	33,434.93	263	247	36,531	69.50	526
	5,996,311.20	887,050	831,558	5,764,384		95,354

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 60.5 1.59

AQUA TEXAS, INC.

ACCOUNT 361.0 COLLECTION SEWERS - GRAVITY

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 65-S3						
NET SALVAGE PERCENT.. -10						
1969	142,738.04	94,714	101,431	55,581	25.79	2,155
1971	74,795.70	47,707	51,090	31,185	27.31	1,142
1972	143,585.75	89,663	96,022	61,922	28.10	2,204
1973	357,255.21	218,195	233,669	159,312	28.91	5,511
1974	417,227.31	249,035	266,697	192,253	29.73	6,467
1976	566,749.69	322,074	344,915	278,510	31.42	8,864
1977	923,516.03	511,215	547,470	468,398	32.29	14,506
1978	262,514.22	141,406	151,435	137,331	33.17	4,140
1979	405,364.65	212,182	227,230	218,671	34.07	6,418
1980	203,885.48	103,581	110,927	113,347	34.98	3,240
1981	701,334.02	345,378	369,872	401,595	35.90	11,186
1982	1,216,892.91	580,329	621,486	717,096	36.82	19,476
1983	39,456.00	18,189	19,479	23,923	37.76	634
1984	842,191.43	374,696	401,270	525,141	38.71	13,566
1985	340,329.71	145,885	156,231	218,132	39.67	5,499
1988	438,170.17	166,247	178,037	303,950	42.58	7,138
1989	291,756.09	105,859	113,367	207,565	43.56	4,765
1990	396,892.85	137,423	147,169	289,413	44.54	6,498
1991	2,735.00	901	965	2,044	45.53	45
1992	35,224.00	11,016	11,797	26,949	46.52	579
1993	164,111.87	48,546	51,989	128,534	47.52	2,705
1995	64,554.07	16,922	18,122	52,887	49.51	1,068
1996	208,664.83	51,204	54,835	174,696	50.50	3,459
1997	59,215.04	13,528	14,487	50,650	51.50	983
1998	23,080.00	4,882	5,228	20,160	52.50	384
1999	592,298.85	115,268	123,443	528,086	53.50	9,871
2000	69,260.00	12,307	13,180	63,006	54.50	1,156
2001	1,417,353.27	227,861	244,021	1,315,068	55.50	23,695
2002	872,756.30	125,543	134,447	825,585	56.50	14,612
2003	1,129,856.66	143,399	153,569	1,089,273	57.50	18,944
2004	327,835.94	36,062	38,620	322,000	58.50	5,504
2005	606,349.72	56,440	60,442	606,543	59.50	10,194
2006	416,164.01	31,692	33,940	423,840	60.50	7,006
2007	14,974.08	887	950	15,521	61.50	252
2008	192,613.32	8,149	8,727	203,148	62.50	3,250
2009	99,353.79	2,522	2,701	106,588	63.50	1,679
2010	19,115.65	162	173	20,854	64.50	323
	14,080,171.66	4,771,069	5,109,433	10,378,756		229,118

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 45.3 1.63

AQUA TEXAS, INC.

ACCOUNT 362.0 SPECIAL COLLECTING STRUCTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 40-R3						
NET SALVAGE PERCENT.. 0						
2001	99,886.29	22,899	61,417	38,469	30.83	1,248
2002	1,304.63	268	719	586	31.77	18
2004	5,903.40	933	2,502	3,401	33.68	101
2006	8,432.00	928	2,489	5,943	35.60	167
2007	8,477.20	727	1,950	6,527	36.57	178
	124,003.52	25,755	69,077	54,927		1,712
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 32.1						1.38

AQUA TEXAS, INC.

ACCOUNT 363.0 SERVICES TO CUSTOMERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 50-S1.5						
NET SALVAGE PERCENT.. 0						
1984	109,324.00	50,770	3,156	106,168	26.78	3,964
1998	2,630.00	633	39	2,591	37.96	68
1999	618,257.00	137,624	8,555	609,702	38.87	15,686
2001	544,900.33	101,134	6,287	538,613	40.72	13,227
2002	513,272.90	85,614	5,322	507,951	41.66	12,193
2003	228,746.83	33,809	2,102	226,645	42.61	5,319
2004	220,407.78	28,300	1,759	218,649	43.58	5,017
2005	11,820.08	1,288	80	11,740	44.55	264
2006	527,343.78	47,145	2,931	524,413	45.53	11,518
2007	212,135.37	14,807	921	211,214	46.51	4,541
2008	203,242.89	10,121	629	202,614	47.51	4,265
2009	60,658.16	1,820	113	60,545	48.50	1,248
2010	41,344.25	413	26	41,318	49.50	835
	3,294,083.37	513,478	31,920	3,262,163		78,145
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT ..						41.7 2.37

AQUA TEXAS, INC.

ACCOUNT 364.0 FLOW MEASURING DEVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 22-S2.5						
NET SALVAGE PERCENT.. 0						
1979	1,936.55	1,730	1,937			
1994	7,319.15	4,797	5,807	1,512	7.58	199
1995	4,156.34	2,609	3,158	998	8.19	122
1996	3,730.96	2,230	2,700	1,031	8.85	116
1997	3,500.00	1,981	2,398	1,102	9.55	115
1999	3,921.00	1,946	2,356	1,565	11.08	141
2000	12,715.03	5,832	7,060	5,655	11.91	475
2001	42,307.97	17,731	21,465	20,843	12.78	1,631
2002	39,802.57	15,053	18,223	21,580	13.68	1,577
2003	8,196.00	2,753	3,333	4,863	14.61	333
2004	43,985.80	12,876	15,587	28,399	15.56	1,825
2005	47,030.20	11,694	14,156	32,874	16.53	1,989
2006	28,581.32	5,833	7,061	21,520	17.51	1,229
2007	3,308.31	526	637	2,671	18.50	144
2008	4,694.72	534	646	4,049	19.50	208
2009	7,048.97	481	583	6,466	20.50	315
2010	1,932.19	44	53	1,879	21.50	87
	264,167.08	88,650	107,160	157,007		10,506

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 14.9 3.98

AQUA TEXAS, INC.

ACCOUNT 365.0 FLOW MEASURING INSTALLATIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 12-L2.5						
NET SALVAGE PERCENT.. 0						
2000	2,273.72	1,431	1,723	551	4.45	124
2004	3,578.40	1,724	2,077	1,501	6.22	241
2006	2,736.01	969	1,167	1,569	7.75	202
2008	3,130.77	639	770	2,361	9.55	247
2010	11,802.54	492	592	11,211	11.50	975
	23,521.44	5,255	6,329	17,192		1,789
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT ..						9.6 7.61

AQUA TEXAS, INC.

ACCOUNT 366.0 REUSE SERVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 40-R2.5						
NET SALVAGE PERCENT.. 0						
1999	38,207.29	10,029	3,139	35,068	29.50	1,189
2001	3,434.78	750	235	3,200	31.26	102
	41,642.07	10,779	3,374	38,268		1,291
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 29.6						3.10

AQUA TEXAS, INC.

ACCOUNT 367.0 REUSE METERS AND INSTALLATIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 20-R3						
NET SALVAGE PERCENT.. 0						
2004	391.85	121	28	364	13.80	26
	391.85	121	28	364		26
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 14.0						6.64

AQUA TEXAS, INC.

ACCOUNT 370.0 RECEIVING WELLS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 50-R4						
NET SALVAGE PERCENT.. 0						
1966	2,941.86	2,332	2,942			
1971	2,998.34	2,174	2,998			
1972	3,093.02	2,199	3,093			
1973	39,993.63	27,836	39,994			
1975	16,984.62	11,308	16,985			
1977	11,329.67	7,185	11,330			
1979	9,938.54	5,979	9,902	37	19.92	2
1980	137,787.00	80,578	133,446	4,341	20.76	209
1981	44,020.00	24,995	41,394	2,626	21.61	122
1982	185,766.70	102,246	169,331	16,436	22.48	731
1983	46,904.48	24,991	41,388	5,516	23.36	236
1984	73,762.00	37,987	62,911	10,851	24.25	447
1985	66,449.78	33,026	54,695	11,755	25.15	467
1987	7,827.24	3,604	5,969	1,858	26.98	69
1988	174,981.74	77,307	128,029	46,953	27.91	1,682
1989	39,825.10	16,846	27,899	11,926	28.85	413
1990	36,079.92	14,584	24,153	11,927	29.79	400
1991	8,307.00	3,198	5,296	3,011	30.75	98
1992	10,923.00	3,996	6,618	4,305	31.71	136
1993	13,955.00	4,837	8,011	5,944	32.67	182
1995	37,046.15	11,395	18,871	18,175	34.62	525
1996	16,199.00	4,665	7,726	8,473	35.60	238
1998	38,291.00	9,527	15,778	22,513	37.56	599
1999	1,056,168.37	241,863	400,551	655,617	38.55	17,007
2000	134,598.57	28,158	46,633	87,966	39.54	2,225
2001	136,401.15	25,834	42,784	93,617	40.53	2,310
2002	287,599.45	48,777	80,780	206,819	41.52	4,981
2003	195,043.73	29,179	48,323	146,721	42.52	3,451
2004	28,702.56	3,726	6,171	22,532	43.51	518
2005	61,194.00	6,719	11,127	50,067	44.51	1,125
2006	19,675.15	1,767	2,926	16,749	45.51	368
2008	316,784.29	15,839	26,231	290,553	47.50	6,117
2009	170,866.60	5,126	8,490	162,377	48.50	3,348
2010	44,094.71	441	730	43,365	49.50	876
	3,476,533.37	920,224	1,513,505	1,963,028		48,882

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 40.2 1.41

AQUA TEXAS, INC.

ACCOUNT 371.3 PUMPING EQUIPMENT - PUMPING

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 36-R1.5						
NET SALVAGE PERCENT.. -5						
1972	827.25	617	869			
1979	2,156.11	1,394	2,264			
1980	3,938.14	2,484	4,135			
1982	42,649.91	25,501	42,636	2,146	15.50	138
1983	5,742.59	3,336	5,578	452	16.08	28
1985	24,954.20	13,618	22,769	3,433	17.29	199
1988	143,621.19	70,416	117,732	33,070	19.19	1,723
1989	21,119.29	9,954	16,643	5,532	19.84	279
1990	9,226.46	4,168	6,969	2,719	20.51	133
1992	3,249.00	1,338	2,237	1,174	21.88	54
1995	11,552.91	4,043	6,760	5,371	24.00	224
1996	9,007.21	2,963	4,954	4,504	24.72	182
1998	18,037.00	5,161	8,629	10,310	26.19	394
1999	455,240.23	120,299	201,134	276,868	26.94	10,277
2000	40,856.22	9,902	16,556	26,343	27.69	951
2001	1,013,084.81	223,087	372,990	690,749	28.45	24,279
2002	288,295.20	57,009	95,316	207,394	29.22	7,098
2003	198,197.82	34,742	58,087	150,021	29.99	5,002
2004	420,987.38	64,219	107,371	334,666	30.77	10,876
2005	321,804.66	41,673	69,675	268,220	31.56	8,499
2006	727,590.16	77,459	129,507	634,463	32.35	19,612
2007	52,722.16	4,383	7,328	48,030	33.15	1,449
2008	376,798.74	22,421	37,486	358,153	33.96	10,546
2009	92,188.66	3,308	5,531	91,267	34.77	2,625
2010	285,927.88	3,420	5,718	294,506	35.59	8,275
	4,569,775.18	806,915	1,348,874	3,449,390		112,843

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 30.6 2.47

AQUA TEXAS, INC.

ACCOUNT 371.5 PUMPING EQUIPMENT - RAW WATER TREATMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 30-R2.5						
NET SALVAGE PERCENT.. -5						
1998	18,063.00	7,062	7,732	11,234	18.83	597
2000	11,868.00	3,942	4,316	8,145	20.51	397
2001	51,905.40	15,696	17,184	37,317	21.36	1,747
2003	154,515.88	37,262	40,795	121,447	23.11	5,255
2004	172,712.32	36,270	39,709	141,639	24.00	5,902
2005	1,411.62	252	276	1,206	24.90	48
2006	114,423.62	16,781	18,372	101,773	25.81	3,943
2007	1,205.04	138	151	1,114	26.73	42
2008	22,992.06	1,891	2,070	22,072	27.65	798
2009	7,705.22	380	416	7,674	28.59	268
	556,802.16	119,674	131,021	453,621		18,997

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 23.9 3.41

AQUA TEXAS, INC.

ACCOUNT 371.6 PUMPING EQUIPMENT - RAW WATER DISTRIBUTION

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 30-R3						
NET SALVAGE PERCENT.. 0						
1997	6,500.00	2,730	3,156	3,344	17.40	192
1999	652.00	236	273	379	19.14	20
2003	4,061.01	977	1,130	2,931	22.78	129
2004	19,575.32	4,104	4,745	14,830	23.71	625
2005	57,391.84	10,216	11,812	45,580	24.66	1,848
2006	14,972.04	2,186	2,527	12,445	25.62	486
2008	2,099.98	172	199	1,901	27.55	69
2009	2,682.28	131	152	2,530	28.53	89
2010	5,617.20	92	106	5,511	29.51	187
	113,551.67	20,844	24,100	89,452		3,645

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 24.5 3.21

AQUA TEXAS, INC.

ACCOUNT 374.0 REUSE DISTRIBUTION RESERVOIRS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 45-S2						
NET SALVAGE PERCENT.. 0						
1999	2,904.66	734	979	1,926	33.63	57
2002	5,120.03	963	1,284	3,836	36.54	105
2004	46,872.00	6,760	9,014	37,858	38.51	983
	54,896.69	8,457	11,277	43,620		1,145
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT ..						38.1 2.09

AQUA TEXAS, INC.

ACCOUNT 375.0 REUSE TRANSMISSION AND DISTRIBUTION SYSTEM

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 40-R2.5						
NET SALVAGE PERCENT.. 0						
2001	445,897.93	97,429	103,851	342,047	31.26	10,942
2003	3,501.14	608	648	2,853	33.05	86
2004	3,502.12	529	564	2,938	33.96	87
2005	21,090.37	2,705	2,883	18,207	34.87	522
2006	825.00	87	93	732	35.79	20
	474,816.56	101,358	108,039	366,778		11,657
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT ..						31.5 2.46

AQUA TEXAS, INC.

ACCOUNT 380.4 TREATMENT AND DISPOSAL EQUIPMENT - TRANSMISSION AND
DISTRIBUTION PLANTCALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 50-R3						
NET SALVAGE PERCENT.. -10						
1966	17,161.85	13,985	18,878			
1971	32,878.61	24,572	36,166			
1973	692.00	497	761			
1975	676,921.97	465,086	744,614			
1977	111,186.42	72,845	122,305			
1978	141,073.00	90,098	155,180			
1979	327,568.00	203,800	360,325			
1981	743,451.00	437,357	774,095	43,701	23.26	1,879
1982	564,898.22	322,500	570,805	50,583	24.05	2,103
1983	237,423.73	131,367	232,511	28,655	24.85	1,153
1984	51,082.27	27,354	48,415	7,775	25.66	303
1985	66,665.00	34,495	61,054	12,278	26.48	464
1988	103,105.26	47,635	84,311	29,105	29.00	1,004
1990	68,546.00	29,059	51,433	23,968	30.73	780
1991	70,362.00	28,483	50,413	26,985	31.60	854
1992	159,431.88	61,416	108,703	66,672	32.49	2,052
1993	376,521.46	137,671	243,669	170,505	33.38	5,108
1994	159,026.89	54,998	97,343	77,587	34.28	2,263
1995	6,389.19	2,082	3,685	3,343	35.19	95
1996	523,039.05	159,830	282,889	292,454	36.11	8,099
1999	615.00	150	265	412	38.89	11
2000	7,858.40	1,757	3,110	5,534	39.84	139
2001	1,739,854.44	352,912	624,633	1,289,207	40.78	31,614
2002	1,355,037.55	246,237	435,824	1,054,717	41.74	25,269
2003	327,830.20	52,722	93,315	267,298	42.69	6,261
2004	1,004,981.69	140,175	248,101	857,379	43.66	19,638
2005	87,005.76	10,298	18,227	77,479	44.62	1,736
2006	117,006.37	11,352	20,092	108,615	45.59	2,382
2008	218,393.77	11,819	20,919	219,314	47.54	4,613
2010	481,931.77	5,195	9,195	520,930	49.51	10,522
	9,777,938.75	3,177,747	5,521,236	5,234,497		128,342

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 40.8 1.31

AQUA TEXAS, INC.

ACCOUNT 380.5 TREATMENT AND DISPOSAL EQUIPMENT - RAW WATER TREATMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 45-R3						
NET SALVAGE PERCENT.. -10						
1973	114,335.00	88,904	125,768			
1980	365,859.00	242,002	402,445			
1982	22,946.00	14,337	24,413	828	19.44	43
1985	47,855.00	27,174	46,271	6,370	21.77	293
1988	543,383.87	276,148	470,217	127,505	24.21	5,267
1989	221,977.08	108,306	184,421	59,754	25.04	2,386
1992	82,225.00	34,953	59,517	30,930	27.61	1,120
1996	84,537.00	28,579	48,664	44,327	31.17	1,422
1997	136,995.00	43,266	73,672	77,022	32.08	2,401
1998	19,227.00	5,640	9,604	11,546	33.00	350
1999	194,974.00	52,760	89,838	124,633	33.93	3,673
2000	24,745.85	6,134	10,445	16,775	34.86	481
2001	1,463,025.72	328,657	559,628	1,049,700	35.81	29,313
2002	387,529.61	78,150	133,072	293,211	36.75	7,979
2003	1,696,875.50	302,383	514,889	1,351,674	37.71	35,844
2004	24,217.18	3,747	6,380	20,259	38.67	524
2005	1,210,798.90	158,933	270,627	1,061,252	39.63	26,779
2006	384,097.34	41,313	70,347	352,160	40.60	8,674
2007	22,649.66	1,899	3,234	21,681	41.57	522
2008	590,653.96	35,371	60,229	589,490	42.55	13,854
2009	196,382.34	7,057	12,016	204,005	43.53	4,687
2010	28,640.35	343	584	30,920	44.51	695
	7,863,930.36	1,886,056	3,176,281	5,474,042		146,307

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 37.4 1.86

AQUA TEXAS, INC.

ACCOUNT 381.4 PLANT SEWERS - TRANSMISSION AND DISTRIBUTION PLANT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 50-R2.5						
NET SALVAGE PERCENT.. 0						
1984	232,208.00	107,466	164,789	67,419	26.86	2,510
1991	22,753.00	7,968	12,218	10,535	32.49	324
2001	12,425.56	2,187	3,354	9,072	41.20	220
2003	452,814.41	63,213	96,931	355,883	43.02	8,273
2004	14,952.20	1,815	2,783	12,169	43.93	277
2005	12,871.18	1,323	2,029	10,842	44.86	242
2006	2,590.00	219	336	2,254	45.78	49
2008	44,065.66	2,071	3,175	40,891	47.65	858
2010	41,830.26	393	603	41,227	49.53	832
	836,510.27	186,655	286,218	550,292		13,585

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 40.5 1.62

AQUA TEXAS, INC.

ACCOUNT 381.5 PLANT SEWERS - RAW WATER TREATMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 40-R2.5						
NET SALVAGE PERCENT.. 0						
2004	971.75	147	174	798	33.96	23
2005	26,899.74	3,450	4,095	22,805	34.87	654
	27,871.49	3,597	4,269	23,602		677
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 34.9						2.43

AQUA TEXAS, INC.

ACCOUNT 382.0 OUTFALL SEWER LINES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 40-R2.5						
NET SALVAGE PERCENT.. 0						
2005	7,034.01	902	248	6,786	34.87	195
2007	4,512.54	370	102	4,411	36.72	120
	11,546.55	1,272	350	11,197		315
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 35.5						2.73

AQUA TEXAS, INC.

ACCOUNT 389.4 OTHER PLANT AND MISCELLANEOUS EQUIPMENT - TRANSMISSION AND
DISTRIBUTION PLANT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 35-R4						
NET SALVAGE PERCENT.. 0						
1988	2,910.00	1,782	2,368	542	13.57	40
1994	1,021.00	471	626	395	18.84	21
2006	11,515.00	1,477	1,962	9,553	30.51	313
	15,446.00	3,730	4,956	10,490		374
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 28.0						2.42

AQUA TEXAS, INC.

ACCOUNT 389.5 OTHER PLANT AND MISCELLANEOUS EQUIPMENT - RAW WATER TREATMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 25-S2.5						
NET SALVAGE PERCENT.. 0						
1995	23,022.17	13,141	13,285	9,737	10.73	907
1998	1,567.00	748	756	811	13.06	62
2002	6,100.49	2,045	2,067	4,033	16.62	243
2003	28,263.80	8,400	8,492	19,772	17.57	1,125
2004	116,266.79	30,043	30,372	85,895	18.54	4,633
2005	172.69	38	38	135	19.52	7
2006	7,405.66	1,330	1,345	6,061	20.51	296
	182,798.60	55,745	56,355	126,444		7,273

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 17.4 3.98

AQUA TEXAS, INC.

ACCOUNT 390.0 OFFICE FURNITURE AND EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 20-SQUARE						
NET SALVAGE PERCENT.. 0						
2003	2,154.60	808	1,028	1,127	12.50	90
	2,154.60	808	1,028	1,127		90
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 12.5						4.18

AQUA TEXAS, INC.

ACCOUNT 391.0 TRANSPORTATION EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 15-L3						
NET SALVAGE PERCENT.. 0						
2005	63,701.44	22,805	4,887	58,814	9.63	6,107
2006	61,845.89	18,306	3,922	57,924	10.56	5,485
	125,547.33	41,111	8,809	116,738		11,592
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 10.1						9.23

AQUA TEXAS, INC.

ACCOUNT 393.0 TOOLS, SHOP AND GARAGE EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 20-SQUARE						
NET SALVAGE PERCENT.. 0						
1996	15,854.92	11,495	15,237	618	5.50	112
2004	12,836.11	4,172	5,530	7,306	13.50	541
2010	2,440.71	61	81	2,360	19.50	121
	31,131.74	15,728	20,848	10,284		774
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 13.3						2.49

AQUA TEXAS, INC.

ACCOUNT 394.0 LABORATORY EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 15-SQUARE						
NET SALVAGE PERCENT.. 0						
2005	4,980.00	1,826	580	4,400	9.50	463
	4,980.00	1,826	580	4,400		463
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 9.5						9.30

AQUA TEXAS, INC.

ACCOUNT 396.0 COMMUNICATION EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 15-SQUARE						
NET SALVAGE PERCENT.. 0						
2001	3,234.61	2,049	648	2,587	5.50	470
2002	29,030.56	16,451	5,204	23,827	6.50	3,666
2004	42,170.82	18,274	5,780	36,391	8.50	4,281
2006	5,187.77	1,556	492	4,696	10.50	447
2008	7,338.46	1,223	387	6,951	12.50	556
2010	3,786.41	126	40	3,746	14.50	258
	90,748.63	39,679	12,551	78,198		9,678
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT ..						8.1 10.66

AQUA TEXAS, INC.

ACCOUNT 397.0 MISCELLANEOUS EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 15-SQUARE						
NET SALVAGE PERCENT.. 0						
2001	1,465.55	928	795	671	5.50	122
2004	13,270.95	5,751	4,927	8,344	8.50	982
	14,736.50	6,679	5,722	9,014		1,104
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 8.2						7.49

AQUA TEXAS, INC.

ACCOUNT 398.0 OTHER TANGIBLE PLANT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2010

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 20-SQUARE						
NET SALVAGE PERCENT.. 0						
1988	170,309.46	170,309	170,309			
1999	25,850.66	14,864	5,308	20,543	8.50	2,417
2001	70,777.44	33,619	12,006	58,771	10.50	5,597
2002	14,531.13	6,176	2,206	12,325	11.50	1,072
2003	53,449.95	20,044	7,158	46,292	12.50	3,703
2004	139,188.97	45,236	16,155	123,034	13.50	9,114
2005	507.34	140	50	457	14.50	32
	474,614.95	290,388	213,192	261,423		21,935
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 11.9						4.62

AQUA TEXAS, INC.

Austin, Texas

DEPRECIATION STUDY

CALCULATED ANNUAL DEPRECIATION ACCRUALS

RELATED TO UTILITY PLANT

AS OF DECEMBER 31, 2010

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION

Harrisburg, Pennsylvania



Gannett Fleming

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January 3, 2012

Aqua Texas, Inc.
1106 Clayton Lane, Suite 400W
Austin, TX 78723

Attention Stan F. Szczygiel
Manager of Rates and Planning

Ladies and Gentlemen:

Pursuant to your request, we have conducted a depreciation study related to the water plant of Aqua Texas, Inc. as of December 31, 2010. The attached report presents a description of the methods used in the estimation of depreciation, the summary of annual and accrued depreciation, the statistical support for the life and net salvage estimates and the detailed tabulations of annual and accrued depreciation.

Respectfully submitted,

GANNETT FLEMING, INC.

JOHN J. SPANOS
Vice President
Valuation and Rate Division

JJS:krm

054668

Gannett Fleming, Inc.
Valuation and Rate Division

P.O. Box 67100 • Harrisburg, PA 17106-7100 • 207 Senate Avenue • Camp Hill, PA 17011-2316
t: 717.763.7211 • f: 717.763.4590

www.gannettfleming.com • www.gfvrd.com

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PART III. RESULTS OF STUDY, cont.

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PART I. INTRODUCTION

AQUA TEXAS, INC.
DEPRECIATION STUDY
CALCULATED ANNUAL DEPRECIATION ACCRUALS
RELATED TO UTILITY PLANT
AS OF DECEMBER 31, 2010

PART I. INTRODUCTION

SCOPE

This report presents the results of the depreciation study prepared for Aqua Texas, Inc. as applied to water plant in service as of December 31, 2010. It relates to the concepts, methods, and basic judgments which underlie recommended annual depreciation accrual rates related to current utility plant in service.

The service life and net salvage estimates resulting from the study were based on informed judgment which incorporated analyses of historical plant retirement data as recorded through 2010; a review of Company practice and outlook as they relate to plant operation and retirement; and consideration of current practice in the water industry, including knowledge of service life and salvage estimates used for other water properties.

PLAN OF REPORT

Part I, Introduction, includes brief statements of the scope and basis of the study. Part II presents descriptions of the methods used in the service life and salvage studies and the methods and procedures used in the calculation of depreciation. Part III presents the results of the study, including summary tables, survivor curve charts and life tables resulting from the retirement rate method of analysis, tabular results of the historical net salvage analyses, and detailed tabulations of the calculated remaining lives and annual accruals.

BASIS OF STUDY

Depreciation

For most accounts, the annual depreciation was calculated by the straight line method, using the average service life procedure and the remaining life basis. For certain General Plant accounts, the annual depreciation was based on amortization accounting. The calculated remaining lives and annual depreciation accrual rates were based on attained ages of plant in service and the estimated service life and salvage characteristics of each depreciable group.

Survivor Curve Estimates

The procedure for estimating survivor curves, which define service lives and remaining lives, consisted of compiling historical service life data for the plant accounts or other depreciable groups, analyzing the historical data base through the use of accepted techniques, and forecasting the survivor characteristics for each depreciable account or group. These forecasts were based on interpretations of the historical data analyses and the probable future. The combination of the historical data and the estimated future trend yields a complete pattern of life characteristics, i.e., a survivor curve, from which the average service life and remaining service life are derived.

The historical data analyzed for life estimation purposes were compiled through 2010 from the Company's plant accounting records. Such data included plant additions, retirements, transfers and other activity recorded by the Company for each of its plant accounts and subaccounts.

The estimates of net salvage incorporated a review of experienced costs of removal and salvage related to plant retirements, and considerations of trends exhibited by the historical data. Each component of net salvage, i.e., cost of removal and salvage was

stated in dollars and as a percent of retirement for purposes of estimating average future levels of the components, as well as of net salvage.

An understanding of the function of the plant and information with respect to the reasons for past retirements and the expected causes of future retirements was obtained through field trips and discussions with operating and management personnel. The supplemental information obtained in this manner was considered in the interpretation and extrapolation of the statistical analyses.

Calculation of Depreciation

The depreciation accrual rates were calculated using the straight line method, the remaining life basis, and the average service life depreciation procedure. The change to amortization accounting for certain accounts is recommended because of the disproportionate plant accounting effort required when compared to the minimal original cost of the large number of items in these accounts. An explanation of the calculation of annual and accrued amortization is presented on page II-28 of the report.

PART II. METHODS USED IN
THE ESTIMATION OF DEPRECIATION

PART II. METHODS USED IN THE ESTIMATION OF DEPRECIATION

DEPRECIATION

Depreciation, in public utility regulation, is the loss in service value not restored by current repairs or covered by insurance.

Depreciation as used in accounting is a method of distributing fixed capital costs, less net salvage, over a period of time by allocating annual amounts to expense. Each annual amount of such depreciation expense is part of that year's total cost of providing utility service. Normally, the period of time over which the fixed capital cost is allocated to the cost of service is equal to the period of time over which an item renders service, that is, the item's service life. The most prevalent method of allocation is to distribute an equal amount of cost to each year of service life. This method is known as the straight line method of depreciation.

The calculation of annual depreciation based on the straight line method requires the estimation of average life and salvage. These subjects are discussed in the sections which follow.

SERVICE LIFE AND NET SALVAGE ESTIMATION

Average Service Life

The use of an average service life for a property group implies that the various units in the group have different lives. Thus, the average life may be obtained by determining the separate lives of each of the units, or by constructing a survivor curve by plotting the number of units which survive at successive ages. A discussion of the general concept of survivor curves is presented. Also, the Iowa type survivor curves are reviewed.

Survivor Curves

The survivor curve graphically depicts the amount of property existing at each age throughout the life of an original group. From the survivor curve, the average life of the group, the remaining life expectancy, the probable life, and the frequency curve can be calculated. In Figure 1 a typical smooth survivor curve and the derived curves are illustrated. The average life is obtained by calculating the area under the survivor curve, from age zero to the maximum age, and dividing this area by the ordinate at age zero. The remaining life expectancy at any age can be calculated by obtaining the area under the curve, from the observation age to the maximum age, and dividing this area by the percent surviving at the observation age. For example, in Figure 1 the remaining life at age 30 years is equal to the crosshatched area under the survivor curve divided by 29.5 percent surviving at age 30. The probable life at any age is developed by adding the age and remaining life. If the probable life of the property is calculated for each year of age, the probable life curve shown in the chart can be developed. The frequency curve presents the number of units retired in each age interval and is derived by obtaining the differences between the amount of property surviving at the beginning and at the end of each interval.

Iowa Type Curves. The range of survivor characteristics usually experienced by utility and industrial properties is encompassed by a system of generalized survivor curves known as the Iowa type curves. There are four families in the Iowa system, labeled in accordance with the location of the modes of the retirements in relationship to the average life and the relative height of the modes. The left moded curves, presented in Figure 2, are those in which the greatest frequency of retirement occurs to the left of, or prior to, average service life. The symmetrical moded curves, presented in Figure 3, are those in which the greatest frequency of retirement occurs at average service life. The right moded curves,

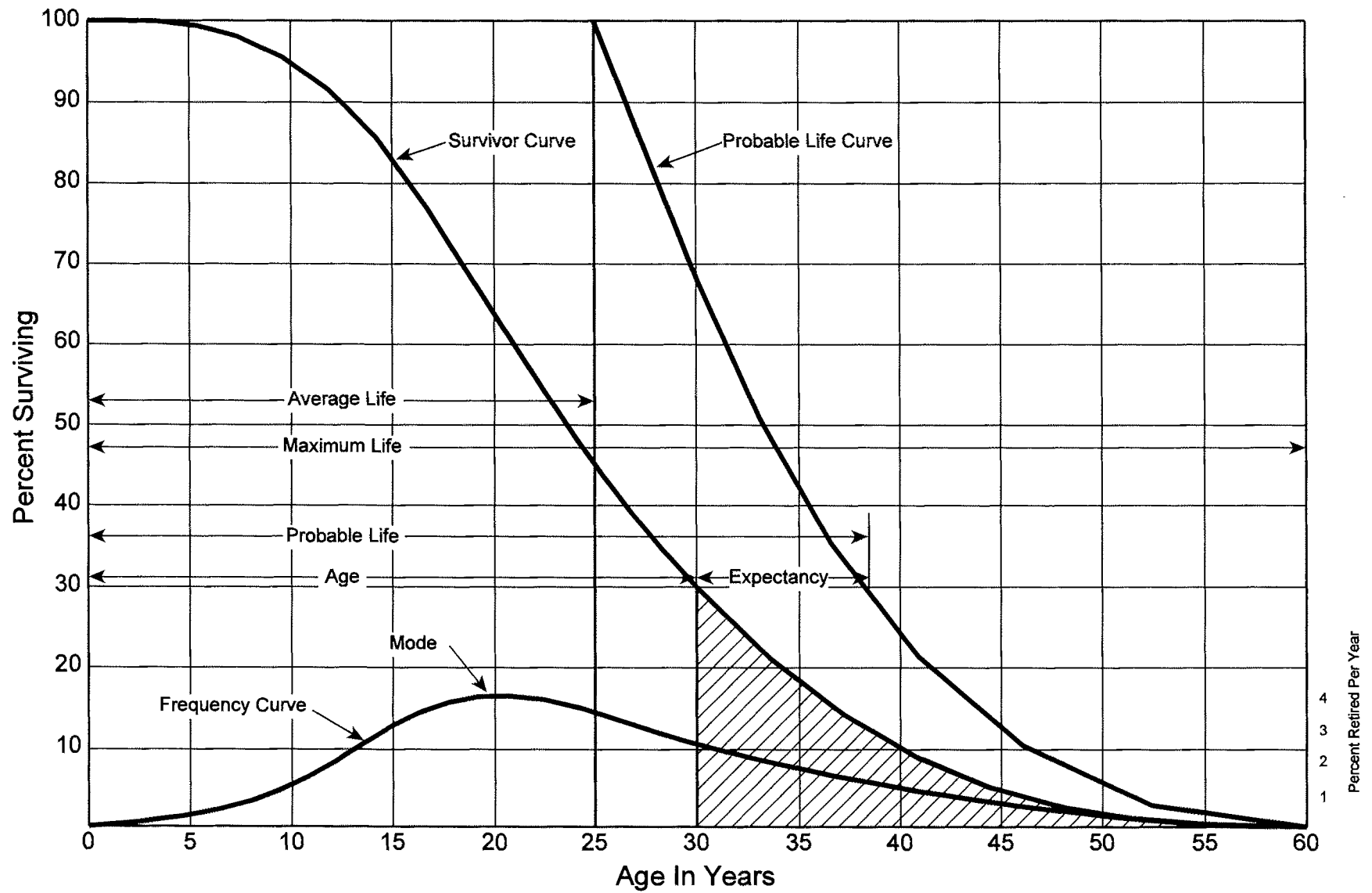


Figure 1. A Typical Survivor Curve and Derived Curves

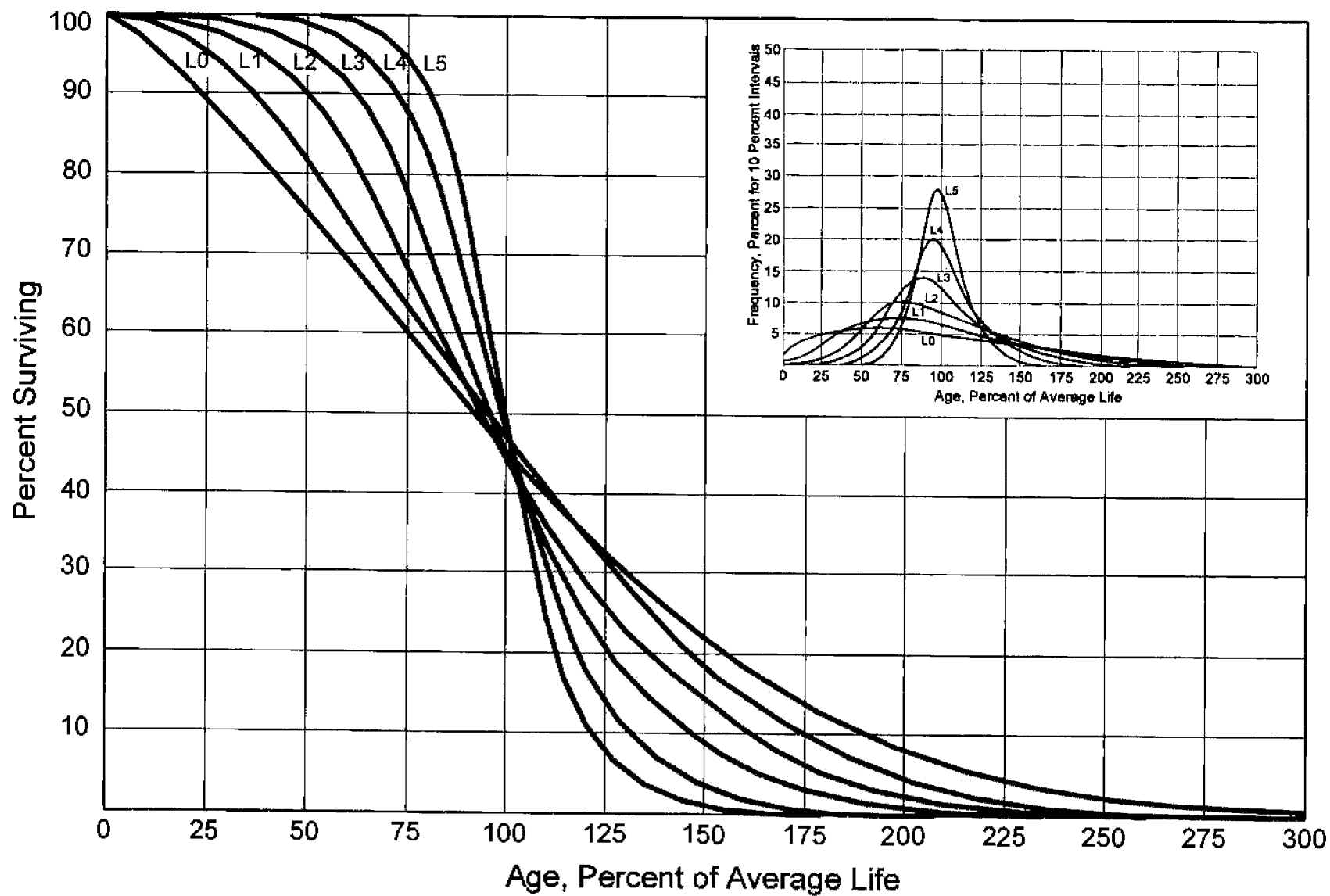


Figure 2. Left Modal or "L" Iowa Type Survivor Curves

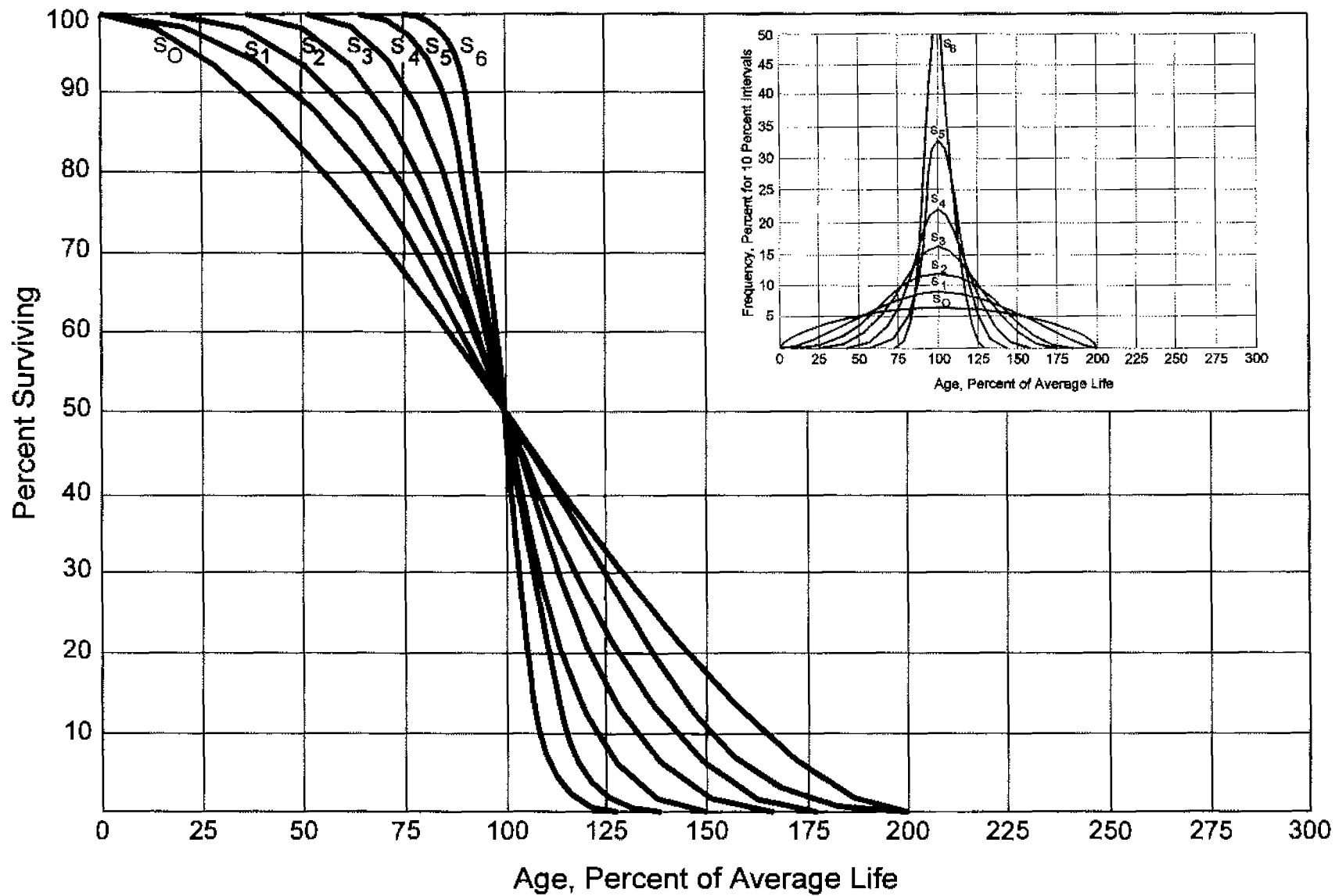


Figure 3. Symmetrical or "S" Iowa Type Survivor Curves

presented in Figure 4, are those in which the greatest frequency occurs to the right of, or after, average service life. The origin moded curves, presented in Figure 5, are those in which the greatest frequency of retirement occurs at the origin, or immediately after age zero. The letter designation of each family of curves (L, S, R or O) represents the location of the mode of the associated frequency curve with respect to the average service life. The numbers represent the relative heights of the modes of the frequency curves within each family.

The Iowa curves were developed at the Iowa State College Engineering Experiment Station through an extensive process of observation and classification of the ages at which industrial property had been retired. A report of the study which resulted in the classification of property survivor characteristics into 18 type curves, which constitute three of the four families, was published in 1935 in the form of the Experiment Station's Bulletin 125.¹ These type curves have also been presented in subsequent Experiment Station bulletins and in the text, "Engineering Valuation and Depreciation."² In 1957, Frank V. B. Couch, Jr., an Iowa State College graduate student, submitted a thesis³ presenting his development of the fourth family consisting of the four O type survivor curves.

Retirement Rate Method of Analysis

The retirement rate method is an actuarial method of deriving survivor curves using the average rates at which property of each age group is retired. The method relates to

¹Winfrey, Robley. Statistical Analyses of Industrial Property Retirements. Iowa State College, Engineering Experiment Station, Bulletin 125. 1935.

²Marston, Anson, Robley Winfrey and Jean C. Hempstead. Engineering Valuation and Depreciation, 2nd Edition. New York, McGraw-Hill Book Company. 1953.

³Couch, Frank V. B., Jr. "Classification of Type O Retirement Characteristics of Industrial Property." Unpublished M.S. thesis (Engineering Valuation). Library, Iowa State College, Ames, Iowa. 1957.