AQUA TEXAS, INC.

ACCOUNT 341.0 TRANSPORTATION EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
2005	47,180		0	7,051	15	7,051	15
2006	182,548		0		0		0
2007	179,167		0	4,926	3	4,926	3
2008	86,038		0		0		0
2009	60,644		0		0		0
2010							
TOTAL	555,578		0	11,977	2	11,977	2
THREE-YEAR MOVING AVERAGES							
05-07	136,298		0	3,992	3	3,992	3
06-08	149,251		0	1,642	1	1,642	1
07-09	108,617		0	1,642	2	1,642	2
08-10	48,894		0		0		0
FIVE-YEAR AVERAGE							
06-10	101,680		0	985	1	985	1

AQUA TEXAS, INC.

ACCOUNT 304.2 STRUCTURES AND IMPROVEMENTS - SOURCE OF SUPPLY AND 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						
1955	77.85	72	82			
1968	1,125.00	910	1,181			
1973	1,817.18	1,349	1,908			
1975	3,852.00	2,745	4,045			
1978	4,671.00	3,105	4,905			
1979	3,475.00	2,252	3,649			
1980	3,123.00	1,972	3,279			
1981	3,862.00	2,372	4,055			
1984	39,109.51	21,920	38,144	2,921	20.98	139
1985	15,940.00	8,640	15,035	1,702	21.77	78
1986	3,064.00	1,604	2,791	426	22.57	19
1987	398.00	201	350	68	23.38	3
1993	7,864.00	3,029	5,271	2,986	28.49	105
1997	20,323.00	6,127	10,662	10,677	32.08	333
1998	29,472.56	8,252	14,360	16,586	33.00	503
1999	64,020.95	16,537	28,776	38,446	33.93	1,133
2000	125,063.40	29,590	51,490	79,827	34.86	2,290
2001	280,686.84	60,188	104,735	189,986	35.81	5,305
2002	252,056.15	48,520	84,431	180,228	36.75	4,904
2003	927,434.14	157,757	274,517	699,289	37.71	18,544
2004	173,144.62	25,574	44,502	137,300	38.67	3,551
2005	454,428.17	56,938	99,079	378,071	39.63	9,540
2006	393,772.25	40,428	70,350	343,111	40.60	8,451
2007	457,755.45	36,635	63,750	416,893	41.57	10,029
2008	217,112.27	12,411	21,596	206,372	42.55	4,850
2009	100,099.26	3,434	5,976	99,128	43.53	2,277
2010	7,344.42	84	146	7,566	44.51	170
	3,591,092.02	552,646	959,065	2,811,582		72,224

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

AQUA TEXAS, INC.

ACCOUNT 304.3 STRUCTURES AND IMPROVEMENTS - 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 55-R3						
NET SALVAGE PERCENT.. -5						
1954	74.39	63	78			
1956	546.69	456	574			
1960	259.79	206	273			
1963	3,210.78	2,446	3,371			
1964	1,183.00	887	1,242			
1965	4,134.09	3,053	4,341			
1967	4,224.33	3,015	4,436			
1968	16,348.05	11,463	17,165			
1969	2,935.38	2,021	3,082			
1970	13,319.28	8,994	13,985			
1971	56,401.52	37,331	59,222			
1972	12,514.11	8,113	13,140			
1973	46,897.14	29,751	49,242			
1974	28,081.86	17,424	29,486			
1975	15,339.31	9,298	16,018	88	23.25	4
1976	12,030.13	7,117	12,261	371	24.01	15
1977	23,178.47	13,377	23,045	1,292	24.77	52
1978	20,450.29	11,498	19,808	1,665	25.55	65
1979	69,983.88	38,291	65,964	7,519	26.34	285
1980	63,972.64	34,026	58,617	8,554	27.14	315
1981	73,800.68	38,125	65,678	11,813	27.94	423
1982	38,808.36	19,441	33,491	7,258	28.76	252
1983	98,371.47	47,720	82,208	21,082	29.59	712
1984	126,040.03	59,145	101,890	30,452	30.42	1,001
1985	129,999.05	58,918	101,499	35,000	31.26	1,120
1986	99,804.35	43,613	75,133	29,662	32.11	924
1987	45,258.04	19,035	32,792	14,729	32.97	447
1988	46,737.94	18,881	32,527	16,548	33.84	489
1989	43,777.82	16,949	29,198	16,769	34.72	483
1990	60,132.09	22,271	38,367	24,772	35.60	696
1991	24,419.17	8,629	14,865	10,775	36.49	295
1992	15,369.99	5,167	8,901	7,237	37.39	194
1993	46,717.63	14,895	25,660	23,394	38.30	611
1994	38,583.64	11,631	20,037	20,476	39.21	522
1995	42,788.88	12,147	20,926	24,002	40.13	598
1996	46,760.80	12,444	21,437	27,662	41.06	674
1997	91,789.04	22,798	39,274	57,104	41.99	1,360
1998	111,094.26	25,599	44,100	72,549	42.93	1,690
1999	69,539.67	14,776	25,455	47,562	43.87	1,084
2000	127,713.92	24,845	42,801	91,299	44.81	2,037
2001	254,582.63	44,860	77,281	190,031	45.77	4,152
2002	536,610.63	84,826	146,131	417,310	46.72	8,932

AQUA TEXAS, INC.

ACCOUNT 304.3 STRUCTURES AND IMPROVEMENTS - 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 55-R3						
NET SALVAGE PERCENT.. -5						
2003	257,802.15	35,978	61,980	208,712	47.69	4,376
2004	1,869,240.22	226,594	390,357	1,572,345	48.65	32,320
2005	24,718.23	2,539	4,374	21,580	49.62	435
2006	206,782.99	17,409	29,990	187,132	50.59	3,699
2007	105,627.03	6,916	11,914	98,994	51.57	1,920
2008	57,689.83	2,709	4,667	55,907	52.54	1,064
2009	25,159.04	711	1,225	25,192	53.52	471
2010	25,590.15	239	412	26,458	54.51	485
	5,136,394.86	1,158,640	1,979,920	3,413,295		74,202

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 46.0 1.44

AQUA TEXAS, INC.

ACCOUNT 304.4 STRUCTURES AND IMPROVEMENTS - TRANSMISSION AND 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 40-R2.5						
NET SALVAGE PERCENT.. -5						
1954	835.00	781	877			
1968	1,209.00	1,000	1,246	23	8.48	3
1970	1,741.00	1,402	1,747	81	9.33	9
1971	1,741.00	1,381	1,720	108	9.79	11
1973	2,262.00	1,736	2,163	212	10.77	20
1975	10,395.00	7,684	9,572	1,343	11.84	113
1976	5,316.00	3,850	4,796	786	12.41	63
1978	6,638.00	4,602	5,733	1,237	13.59	91
1979	664.00	450	561	136	14.21	10
1980	11,302.00	7,461	9,295	2,572	14.85	173
1981	1,202.00	773	963	299	15.50	19
1982	305.00	191	238	82	16.17	5
1984	17,492.50	10,304	12,836	5,531	17.56	315
1985	5,543.32	3,162	3,939	1,881	18.27	103
1987	10,778.81	5,732	7,141	4,177	19.74	212
1988	2,580.61	1,322	1,647	1,063	20.49	52
1989	2,958.62	1,456	1,814	1,293	21.25	61
1990	2,691.10	1,269	1,581	1,245	22.03	57
1992	656.00	282	351	338	23.62	14
1993	5,179.00	2,117	2,637	2,801	24.43	115
1997	5,602.00	1,798	2,240	3,642	27.77	131
1998	19,524.72	5,827	7,259	13,242	28.63	463
1999	86,090.51	23,729	29,561	60,834	29.50	2,062
2000	22,285.99	5,634	7,019	16,381	30.37	539
2001	214,003.60	49,098	61,165	163,539	31.26	5,232
2002	178,781.25	36,840	45,894	141,826	32.15	4,411
2003	94,772.68	17,290	21,539	77,972	33.05	2,359
2004	44,191.59	7,007	8,729	37,672	33.96	1,109
2005	201,521.34	27,137	33,806	177,791	34.87	5,099
2006	508,619.92	56,209	70,023	464,028	35.79	12,965
2007	214,810.11	18,495	23,041	202,510	36.72	5,515
2008	336,357.03	20,749	25,848	327,327	37.65	8,694
2009	68,146.32	2,522	3,142	68,412	38.59	1,773
2010	4,011.11	49	61	4,151	39.53	105
	2,090,208.13	329,339	410,184	1,784,535		51,903

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 34.4 2.48

AQUA TEXAS, INC.

ACCOUNT 304.5 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 45-R3						
NET SALVAGE PERCENT.. 0						
1955	143.68	127	144			
1968	1,194.00	920	1,194			
1969	1,400.00	1,062	1,394	6	10.85	1
1970	3,414.76	2,549	3,346	69	11.41	6
1971	1,142.00	838	1,100	42	11.98	4
1972	1,296.00	934	1,226	70	12.57	6
1974	42.00	29	38	4	13.82	
1975	769.00	522	685	84	14.46	6
1978	1,367.00	865	1,135	232	16.51	14
1979	321.00	198	260	61	17.22	4
1980	9,988.73	6,007	7,884	2,105	17.94	117
1981	475.10	278	365	110	18.68	6
1982	2,751.00	1,563	2,051	700	19.44	36
1983	1,529.00	843	1,106	423	20.20	21
1984	5,349.09	2,855	3,747	1,602	20.98	76
1985	334.00	172	226	108	21.77	5
1986	4,371.00	2,179	2,860	1,511	22.57	67
1987	12,182.38	5,853	7,682	4,500	23.38	192
1988	999.00	462	606	393	24.21	16
1989	8,665.00	3,843	5,044	3,621	25.04	145
1990	332.83	141	185	148	25.89	6
1991	379.00	154	202	177	26.74	7
1993	561.95	206	270	292	28.49	10
1997	4,606.00	1,322	1,735	2,871	32.08	89
1998	66,888.46	17,837	23,411	43,477	33.00	1,317
1999	208,895.99	51,388	67,446	141,450	33.93	4,169
2000	11,059.47	2,492	3,271	7,788	34.86	223
2001	368,898.98	75,337	98,879	270,020	35.81	7,540
2002	573,994.25	105,230	138,113	435,881	36.75	11,861
2003	188,242.23	30,495	40,024	148,218	37.71	3,930
2004	430,017.37	60,491	79,394	350,623	38.67	9,067
2005	464,183.57	55,391	72,700	391,484	39.63	9,878
2006	510,451.99	49,912	65,510	444,942	40.60	10,959
2007	69,729.94	5,315	6,976	62,754	41.57	1,510
2008	93,370.04	5,083	6,671	86,699	42.55	2,038
2009	67,087.31	2,192	2,877	64,210	43.53	1,475
2010	81,085.42	883	1,159	79,926	44.51	1,796
	3,197,518.54	495,968	650,916	2,546,603		66,597

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 38.2 2.08

AQUA TEXAS, INC.

ACCOUNT 305 COLLECTING AND IMPOUNDING 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 60-R2.5						
NET SALVAGE PERCENT.. 0						
2004	6,982.99	708	817	6,166	53.92	114
	6,982.99	708	817	6,166		114
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT ..					54.1	1.63

AQUA TEXAS, INC.

ACCOUNT 306 LAKE, RIVER AND OTHER INTAKES

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

YEAR	ORIGINAL COST	CALCULATED ACCRUED	ALLOC. BOOK RESERVE	FUTURE BOOK ACCRUALS	REM. LIFE	ANNUAL ACCRUAL
(1)	(2)	(3)	(4)	(5)	(6)	(7)
SURVIVOR CURVE.. IOWA 60-S1.5						
NET SALVAGE PERCENT.. 0						
2004	4,793.86	515	808	3,986	53.56	74
2006	28,152.46	2,102	3,300	24,852	55.52	448
	32,946.32	2,617	4,108	28,838		522

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 55.2 1.58

AQUA TEXAS, INC.

ACCOUNT 307 WELLS AND SPRINGS

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-R3						
NET SALVAGE PERCENT.. -5						
1954	657.25	588	690			
1955	3,197.64	2,834	3,358			
1956	8,330.00	7,319	8,746			
1960	853.75	720	896			
1961	866.38	722	910			
1963	5,793.33	4,706	6,083			
1964	4,481.00	3,590	4,705			
1965	9,810.94	7,749	10,301			
1967	18,273.81	13,992	19,188			
1968	131,119.11	98,741	137,675			
1969	13,895.00	10,286	14,451	139	14.75	9
1970	94,057.65	68,362	96,043	2,718	15.39	177
1971	79,617.00	56,796	79,794	3,804	16.03	237
1972	122,329.86	85,545	120,184	8,262	16.70	495
1973	292,081.49	200,082	281,100	25,586	17.38	1,472
1974	170,155.80	114,095	160,295	18,369	18.07	1,017
1975	85,152.77	55,846	78,459	10,951	18.77	583
1976	189,520.04	121,427	170,596	28,400	19.49	1,457
1977	97,543.49	61,002	85,703	16,718	20.22	827
1978	93,752.31	57,154	80,297	18,143	20.97	865
1979	252,216.72	149,786	210,438	54,390	21.72	2,504
1980	209,736.14	121,167	170,230	49,993	22.49	2,223
1981	358,354.93	201,231	282,714	93,559	23.26	4,022
1982	246,144.12	134,136	188,451	70,000	24.05	2,911
1983	400,209.23	211,371	296,960	123,260	24.85	4,960
1984	702,938.09	359,300	504,789	233,296	25.66	9,092
1985	923,754.10	456,261	641,012	328,930	26.48	12,422
1986	587,146.40	279,769	393,054	223,450	27.31	8,182
1987	233,111.69	106,963	150,275	94,492	28.15	3,357
1988	177,979.76	78,489	110,271	76,608	29.00	2,642
1989	202,892.99	85,812	120,559	92,479	29.86	3,097
1990	230,836.74	93,413	131,238	111,141	30.73	3,617
1991	135,178.70	52,233	73,383	68,555	31.60	2,169
1992	55,268.22	20,323	28,552	29,480	32.49	907
1993	245,801.61	85,790	120,528	137,564	33.38	4,121
1994	164,414.44	54,276	76,254	96,381	34.28	2,812
1995	152,980.78	47,579	66,845	93,785	35.19	2,665
1996	308,042.66	89,853	126,237	197,208	36.11	5,461
1997	546,557.60	148,866	209,145	364,740	37.03	9,850
1998	1,169,614.53	295,725	415,471	812,624	37.96	21,407
1999	1,628,948.18	380,050	533,941	1,176,455	38.89	30,251
2000	1,332,355.70	284,271	399,379	999,594	39.84	25,090

AQUA TEXAS, INC.

ACCOUNT 307 WELLS AND SPRINGS

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-R3						
NET SALVAGE PERCENT.. -5						
2001	2,615,014.93	506,319	711,339	2,034,427	40.78	49,888
2002	3,150,557.65	546,496	767,785	2,540,301	41.74	60,860
2003	2,898,256.28	444,911	625,066	2,418,103	42.69	56,643
2004	3,100,152.56	412,754	579,888	2,675,272	43.66	61,275
2005	2,403,142.50	271,507	381,447	2,141,853	44.62	48,002
2006	2,150,365.97	199,145	279,783	1,978,101	45.59	43,389
2007	1,985,459.94	143,013	200,922	1,883,811	46.57	40,451
2008	2,791,361.87	144,202	202,593	2,728,337	47.54	57,390
2009	718,343.85	22,326	31,366	722,895	48.52	14,899
2010	223,140.37	2,296	3,226	231,071	49.51	4,667
	33,721,767.87	7,401,189	10,392,615	25,015,241		608,365

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 41.1 1.80

AQUA TEXAS, INC.

ACCOUNT 309 SUPPLY MAINS

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 60-S2.5						
NET SALVAGE PERCENT.. -10						
1963	873.95	653	961			
1971	1,240.00	815	1,259	105	24.15	4
1973	476.00	301	465	59	25.54	2
1975	520.00	315	487	85	27.00	3
1976	11,171.00	6,605	10,202	2,086	27.75	75
1981	114.00	59	91	34	31.75	1
1984	38,505.00	18,121	27,989	14,366	34.33	418
1985	166.00	75	116	67	35.21	2
1993	2,181.00	693	1,070	1,329	42.66	31
1999	102,027.44	21,455	33,138	79,092	48.53	1,630
2000	77,470.00	14,885	22,990	62,227	49.52	1,257
2001	468,390.08	81,494	125,871	389,358	50.51	7,709
2002	36,260.59	5,644	8,717	31,170	51.51	605
2003	174,891.82	24,048	37,143	155,238	52.50	2,957
2004	186,454.27	22,218	34,317	170,783	53.50	3,192
2005	272,823.94	27,511	42,492	257,614	54.50	4,727
2006	336,807.89	27,787	42,918	327,571	55.50	5,902
2007	193,087.37	12,389	19,135	193,261	56.50	3,421
2008	437,234.07	20,041	30,954	450,003	57.50	7,826
	2,340,694.42	285,109	440,315	2,134,449		39,762

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 53.7 1.70

AQUA TEXAS, INC.

ACCOUNT 310.2 POWER GENERATION 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 30-S2.5						
NET SALVAGE PERCENT.. 0						
2000	7,266.57	2,505	2,704	4,563	19.66	232
2001	67,167.79	21,024	22,693	44,475	20.61	2,158
2002	168,497.17	47,348	51,106	117,391	21.57	5,442
2003	147,234.75	36,613	39,519	107,716	22.54	4,779
2004	20,574.07	4,444	4,797	15,777	23.52	671
2005	73,341.20	13,421	14,486	58,855	24.51	2,401
2006	240,558.31	36,084	38,948	201,610	25.50	7,906
2007	95,024.23	11,086	11,966	83,058	26.50	3,134
2008	442,475.15	36,871	39,797	402,678	27.50	14,643
2009	8,550.00	428	462	8,088	28.50	284
2010	126,599.01	2,110	2,277	124,322	29.50	4,214
	1,397,288.25	211,934	228,755	1,168,533		45,864

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 25.5 3.28

AQUA TEXAS, INC.

ACCOUNT 311.2 PUMPING EQUIPMENT - SOURCE OF SUPPLY AND 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-R0.5						
NET SALVAGE PERCENT.. -5						
1954	1,721.65	1,466	1,808			
1956	1,743.55	1,445	1,831			
1959	719.95	571	756			
1960	474.55	371	498			
1961	268.21	207	282			
1963	6,031.45	4,500	6,333			
1964	3,024.00	2,219	3,175			
1965	4,954.98	3,575	5,203			
1967	5,389.39	3,754	5,659			
1968	21,601.75	14,768	22,682			
1969	9,320.04	6,252	9,786			
1970	24,743.27	16,274	25,980			
1971	20,494.46	13,210	21,519			
1972	16,917.97	10,678	17,764			
1973	52,314.52	32,302	54,930			
1974	42,289.13	25,532	44,404			
1975	16,842.01	9,933	17,684			
1976	31,803.44	18,302	33,394			
1977	41,865.72	23,493	43,959			
1978	39,672.38	21,684	41,656			
1979	42,826.18	22,771	44,967			
1980	63,716.17	32,930	66,902			
1981	124,685.96	62,551	130,920			
1982	81,681.21	39,738	85,765			
1983	97,079.25	45,728	101,933			
1984	168,697.41	76,806	177,132			
1985	244,823.02	107,610	257,064			
1986	63,938.39	27,078	67,135			
1987	96,507.90	39,323	101,333			
1988	56,301.29	22,021	59,116			
1989	53,631.03	20,100	56,313			
1990	51,929.70	18,599	54,526			
1991	53,139.59	18,134	55,797			
1992	57,364.59	18,622	59,523	710	24.87	29
1993	80,927.97	24,903	79,599	5,375	25.45	211
1994	112,070.99	32,557	104,064	13,611	26.04	523
1995	79,455.18	21,715	69,409	14,019	26.63	526
1996	117,554.49	30,104	96,224	27,208	27.22	1,000
1997	108,762.24	25,981	83,045	31,155	27.81	1,120
1998	332,403.08	73,682	235,515	113,508	28.40	3,997
1999	188,771.27	38,540	123,188	75,022	29.00	2,587
2000	422,598.10	78,886	252,149	191,579	29.60	6,472

AQUA TEXAS, INC.

ACCOUNT 311.2 PUMPING EQUIPMENT - SOURCE OF SUPPLY AND 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-R0.5						
NET SALVAGE PERCENT.. -5						
2001	908,184.57	153,633	491,069	462,525	30.20	15,315
2002	985,596.46	149,478	477,788	557,088	30.80	18,087
2003	697,437.27	93,574	299,098	433,211	31.40	13,797
2004	1,009,533.53	117,481	375,513	684,497	32.01	21,384
2005	298,599.70	29,437	94,092	219,438	32.62	6,727
2006	1,901,069.66	153,582	490,906	1,505,217	33.23	45,297
2007	845,541.55	53,269	170,268	717,551	33.84	21,204
2008	1,083,239.95	48,977	156,549	980,853	34.45	28,472
2009	499,665.48	13,552	43,317	481,332	35.07	13,725
2010	496,364.41	4,487	14,342	506,841	35.69	14,201
	11,766,290.01	1,906,385	5,333,864	7,020,741		214,674

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 32.7 1.82

AQUA TEXAS, INC.

ACCOUNT 311.3 PUMPING EQUIPMENT - 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 35-R2.5						
NET SALVAGE PERCENT.. -5						
2000	39,628.49	11,377	17,336	24,274	25.43	955
2001	36,507.38	9,528	14,518	23,815	26.30	906
2002	49,208.08	11,544	17,590	34,078	27.18	1,254
2003	7,478.91	1,553	2,366	5,487	28.08	195
2004	96,528.48	17,433	26,563	74,792	28.98	2,581
2005	6,500.00	998	1,521	5,304	29.88	178
2006	62,064.76	7,820	11,915	53,253	30.80	1,729
2007	22,357.55	2,200	3,353	20,122	31.72	634
2008	1,681.26	119	181	1,584	32.65	49
	321,954.91	62,572	95,343	242,710		8,481

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 28.6 2.63

AQUA TEXAS, INC.

ACCOUNT 311.4 PUMPING EQUIPMENT - TRANSMISSION AND 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 35-R2						
NET SALVAGE PERCENT.. -5						
1967	1,947.90	1,682	2,045			
1968	10,658.13	9,090	11,191			
1970	11,291.20	9,376	11,856			
1971	7,761.06	6,354	8,149			
1972	8,391.70	6,767	8,811			
1973	10,131.02	8,039	10,638			
1974	4,208.00	3,283	4,418			
1975	19,372.00	14,849	20,341			
1976	11,396.00	8,574	11,966			
1978	4,496.00	3,248	4,721			
1979	18,513.00	13,079	19,439			
1980	12,550.00	8,663	13,178			
1981	11,206.00	7,544	11,766			
1982	24,517.00	16,086	25,743			
1983	28,283.75	18,056	29,698			
1984	50,716.32	31,449	53,252			
1985	46,896.12	28,194	49,241			
1986	30,930.50	18,002	32,477			
1987	65,919.32	37,079	69,215			
1988	63,865.61	34,641	67,059			
1989	15,131.24	7,898	15,888			
1990	12,768.11	6,401	13,407			
1991	45,979.00	22,070	48,278			
1992	8,729.00	4,001	9,165			
1993	12,235.00	5,337	12,574	273	20.46	13
1995	3,735.00	1,461	3,442	480	21.96	22
1996	18,951.39	6,976	16,436	3,463	22.73	152
1997	53,497.00	18,441	43,448	12,724	23.51	541
1998	111,469.02	35,781	84,302	32,740	24.30	1,347
1999	301,497.59	89,454	210,758	105,814	25.11	4,214
2000	67,163.05	18,295	43,104	27,417	25.92	1,058
2001	776,140.34	192,328	453,134	361,813	26.74	13,531
2002	649,738.97	144,830	341,226	341,000	27.57	12,369
2003	270,565.29	53,410	125,837	158,257	28.42	5,569
2004	739,124.06	127,052	299,341	476,739	29.27	16,288
2005	268,587.71	39,240	92,451	189,566	30.13	6,292
2006	1,484,835.45	178,623	420,844	1,138,233	30.99	36,729
2007	132,375.05	12,430	29,286	109,708	31.87	3,442

AQUA TEXAS, INC.

ACCOUNT 311.4 PUMPING EQUIPMENT - TRANSMISSION AND 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 35-R2						
NET SALVAGE PERCENT.. -5						
2008	338,253.91	22,731	53,555	301,612	32.76	9,207
2009	96,205.03	3,896	9,179	91,836	33.65	2,729
2010	54,446.34	735	1,732	55,437	34.55	1,605
	5,904,478.18	1,275,445	2,792,591	3,407,111		115,108
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT ..					29.6	1.95

AQUA TEXAS, INC.

ACCOUNT 320 WATER TREATMENT 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 45-R2.5						
NET SALVAGE PERCENT.. -10						
1954	129.73	122	143			
1964	91.68	78	101			
1965	624.33	526	687			
1967	1,502.51	1,232	1,653			
1968	1,668.12	1,347	1,835			
1969	208.11	165	229			
1970	1,718.39	1,344	1,890			
1971	1,237.11	950	1,361			
1972	1,070.52	808	1,178			
1973	8,569.71	6,341	9,427			
1974	5,144.25	3,731	5,659			
1975	3,475.94	2,468	3,824			
1976	2,825.92	1,962	3,109			
1977	5,386.03	3,655	5,925			
1978	2,837.30	1,880	3,121			
1979	8,587.00	5,546	9,396	50	18.58	3
1980	9,466.21	5,954	10,087	326	19.27	17
1981	16,581.77	10,145	17,187	1,053	19.97	53
1982	3,924.09	2,332	3,951	365	20.69	18
1983	14,595.10	8,413	14,253	1,802	21.42	84
1984	24,394.84	13,620	23,075	3,759	22.16	170
1985	40,184.20	21,699	36,762	7,441	22.91	325
1986	10,658.79	5,557	9,414	2,311	23.67	98
1987	17,209.47	8,649	14,653	4,277	24.44	175
1988	7,633.64	3,691	6,253	2,144	25.22	85
1989	19,158.71	8,889	15,059	6,016	26.02	231
1990	4,794.67	2,131	3,610	1,664	26.82	62
1991	5,463.51	2,320	3,930	2,080	27.63	75
1992	2,586.48	1,046	1,772	1,073	28.45	38
1993	207,107.94	79,584	134,829	92,990	29.28	3,176
1994	38,814.40	14,118	23,918	18,778	30.12	623
1995	19,197.08	6,584	11,154	9,963	30.97	322
1996	16,286.67	5,243	8,883	9,032	31.83	284
1997	16,920.95	5,092	8,627	9,986	32.69	305
1998	47,788.08	13,352	22,621	29,946	33.57	892
1999	159,325.35	41,087	69,608	105,650	34.45	3,067
2000	176,449.87	41,709	70,662	123,433	35.33	3,494
2001	190,763.04	40,896	69,285	140,554	36.23	3,879
2002	368,746.16	70,939	120,183	285,438	37.13	7,688
2003	72,771.35	12,399	21,006	59,042	38.03	1,553
2004	385,361.65	56,989	96,549	327,349	38.95	8,404
2005	41,871.93	5,261	8,913	37,146	39.86	932

AQUA TEXAS, INC.

ACCOUNT 320 WATER TREATMENT 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 45-R2.5						
NET SALVAGE PERCENT.. -10						
2006	367,332.80	37,804	64,047	340,019	40.79	8,336
2007	120,203.51	9,667	16,378	115,846	41.71	2,777
2008	329,798.67	18,944	32,094	330,685	42.65	7,753
2009	187,620.20	6,466	10,955	195,427	43.59	4,483
2010	85,111.36	977	1,655	91,967	44.53	2,065
	3,053,199.14	593,712	1,000,911	2,357,608		61,467

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 38.4 2.01

AQUA TEXAS, INC.

ACCOUNT 330 DISTRIBUTION RESERVOIRS AND STANDPIPES

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

YEAR	ORIGINAL COST	CALCULATED ACCRUED	ALLOC. BOOK RESERVE	FUTURE BOOK ACCRUALS	REM. LIFE	ANNUAL ACCRUAL
(1)	(2)	(3)	(4)	(5)	(6)	(7)
SURVIVOR CURVE.. IOWA 50-S1						
NET SALVAGE PERCENT.. -10						
1942	52,663.45	47,271	52,226	5,704	9.20	620
1954	46,789.30	37,613	41,555	9,913	13.46	736
1956	1,015.12	799	883	234	14.23	16
1960	537.73	404	446	146	15.84	9
1963	4,736.19	3,427	3,786	1,424	17.11	83
1964	1,843.16	1,316	1,454	573	17.55	33
1965	122,909.45	86,555	95,627	39,573	17.99	2,200
1966	58,522.00	40,633	44,892	19,482	18.44	1,057
1967	18,244.26	12,483	13,791	6,278	18.90	332
1968	29,793.78	20,083	22,188	10,585	19.36	547
1969	323.78	215	238	118	19.84	6
1970	69,411.76	45,323	50,074	26,279	20.32	1,293
1971	53,488.21	34,361	37,963	20,874	20.80	1,004
1972	104,463.46	65,958	72,871	42,039	21.30	1,974
1973	208,388.26	129,238	142,784	86,443	21.81	3,963
1974	90,755.72	55,267	61,060	38,771	22.32	1,737
1975	100,508.24	60,034	66,327	44,232	22.85	1,936
1976	266,885.45	156,299	172,682	120,892	23.38	5,171
1977	106,877.40	61,322	67,749	49,816	23.92	2,083
1978	218,227.26	122,522	135,364	104,686	24.48	4,276
1979	259,280.33	142,376	157,299	127,909	25.04	5,108
1980	238,685.41	128,021	141,440	121,114	25.62	4,727
1981	543,238.77	284,320	314,121	283,442	26.21	10,814
1982	284,971.75	145,387	160,626	152,843	26.81	5,701
1983	226,586.98	112,559	124,357	124,889	27.42	4,555
1984	433,488.73	209,427	231,378	245,460	28.04	8,754
1985	613,088.27	287,563	317,704	356,693	28.68	12,437
1986	441,798.34	200,903	221,961	264,017	29.33	9,002
1987	217,502.50	95,749	105,785	133,468	29.99	4,450
1988	159,570.39	67,859	74,972	100,555	30.67	3,279
1989	486,808.68	199,631	220,555	314,935	31.36	10,043
1990	187,272.67	73,872	81,615	124,385	32.07	3,879
1991	176,536.72	66,840	73,846	120,344	32.79	3,670
1992	117,181.77	42,460	46,910	81,990	33.53	2,445
1993	266,210.72	92,066	101,716	191,116	34.28	5,575
1994	491,972.37	161,810	178,770	362,400	35.05	10,340
1995	258,488.24	80,581	89,027	195,310	35.83	5,451
1996	200,678.45	58,983	65,165	155,581	36.64	4,246
1997	983,580.69	271,567	300,032	781,907	37.45	20,879
1998	1,083,297.82	279,079	308,331	883,297	38.29	23,069
1999	702,440.14	167,827	185,418	587,266	39.14	15,004
2000	436,675.45	95,973	106,032	374,311	40.01	9,355

AQUA TEXAS, INC.

ACCOUNT 330 DISTRIBUTION RESERVOIRS AND STANDPIPES

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						
NET SALVAGE PERCENT.. -10						
2001	2,482,308.67	496,958	549,047	2,181,493	40.90	53,337
2002	2,398,676.76	432,721	478,077	2,160,467	41.80	51,686
2003	939,723.01	150,713	166,510	867,185	42.71	20,304
2004	1,957,074.80	273,403	302,060	1,850,722	43.65	42,399
2005	1,781,337.60	212,015	234,238	1,725,233	44.59	38,691
2006	1,637,236.24	159,925	176,688	1,624,272	45.56	35,651
2007	1,051,463.45	80,269	88,682	1,067,928	46.53	22,951
2008	1,017,357.31	55,731	61,573	1,057,520	47.51	22,259
2009	400,157.40	13,205	14,589	425,584	48.50	8,775
2010	341,912.84	3,761	4,155	371,949	49.50	7,514
	24,372,987.25	6,124,677	6,766,639	20,043,647		515,426

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 38.9 2.11

AQUA TEXAS, INC.

ACCOUNT 331 TRANSMISSION AND DISTRIBUTION MAINS

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 75-R4						
NET SALVAGE PERCENT.. -15						
1942	51,932.31	48,208	59,722			
1955	24,472.37	19,377	24,112	4,031	23.36	173
1956	38,362.69	29,935	37,250	6,867	24.11	285
1958	477.90	362	450	100	25.65	4
1959	8,849.97	6,590	8,200	1,977	26.44	75
1960	18,450.78	13,515	16,818	4,400	27.23	162
1961	127,897.13	92,092	114,596	32,486	28.04	1,159
1963	57,156.95	39,719	49,425	16,305	29.68	549
1965	29,315.52	19,621	24,416	9,297	31.35	297
1967	116,614.59	74,975	93,297	40,810	33.07	1,234
1968	432,286.79	272,164	338,672	158,458	33.94	4,669
1969	98,284.73	60,568	75,369	37,658	34.81	1,082
1970	818,104.08	492,990	613,461	327,359	35.70	9,170
1971	478,999.80	282,107	351,045	199,805	36.59	5,461
1972	608,933.34	350,228	435,813	264,460	37.49	7,054
1973	1,376,709.89	772,610	961,412	621,804	38.40	16,193
1974	527,424.34	288,548	359,060	247,478	39.32	6,294
1975	551,116.43	293,740	365,521	268,263	40.24	6,667
1976	960,698.59	498,487	620,302	484,501	41.16	11,771
1977	1,932,870.30	975,076	1,213,354	1,009,447	42.10	23,977
1978	839,587.76	411,440	511,983	453,543	43.04	10,538
1979	1,249,829.79	594,469	739,739	697,565	43.98	15,861
1980	1,009,658.76	465,523	579,282	581,826	44.93	12,950
1981	1,769,898.30	790,278	983,398	1,051,985	45.88	22,929
1982	1,488,631.59	642,777	799,852	912,074	46.84	19,472
1983	1,030,302.70	429,709	534,717	650,131	47.80	13,601
1984	1,686,549.73	678,313	844,072	1,095,460	48.77	22,462
1985	3,391,856.79	1,314,241	1,635,401	2,265,234	49.73	45,551
1986	1,154,901.33	430,144	535,258	792,879	50.71	15,636
1987	664,703.93	237,678	295,759	468,651	51.68	9,068
1988	684,386.64	234,437	291,726	495,319	52.66	9,406
1989	1,539,179.98	504,112	627,301	1,142,756	53.64	21,304
1990	740,642.03	231,443	288,001	563,737	54.62	10,321
1991	1,015,805.67	302,172	376,013	792,164	55.60	14,248
1992	326,492.71	92,166	114,689	260,778	56.59	4,608
1993	1,011,504.13	270,183	336,207	827,023	57.58	14,363
1994	919,606.53	231,677	288,292	769,256	58.57	13,134
1995	1,048,499.67	248,233	308,893	896,882	59.56	15,058
1996	317,311.25	70,307	87,488	277,420	60.55	4,582
1997	1,249,681.78	257,922	320,950	1,116,184	61.54	18,138
1998	1,944,914.94	371,888	462,766	1,773,886	62.53	28,369
1999	1,615,402.72	284,100	353,525	1,504,188	63.53	23,677

AQUA TEXAS, INC.

ACCOUNT 331 TRANSMISSION AND DISTRIBUTION MAINS

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 75-R4						
NET SALVAGE PERCENT.. -15						
2000	1,913,396.41	307,463	382,597	1,817,809	64.52	28,174
2001	3,322,266.91	482,925	600,937	3,219,670	65.52	49,140
2002	5,266,214.01	684,768	852,104	5,204,042	66.52	78,233
2003	2,978,783.84	342,115	425,718	2,999,883	67.51	44,436
2004	2,956,984.26	294,248	366,153	3,034,379	68.51	44,291
2005	1,530,235.27	128,815	160,293	1,599,478	69.51	23,011
2006	7,691,836.49	529,587	659,002	8,186,610	70.51	116,106
2007	1,635,880.30	87,799	109,255	1,772,007	71.50	24,783
2008	1,958,408.29	75,065	93,408	2,158,762	72.50	29,776
2009	583,292.63	13,416	16,695	654,092	73.50	8,899
2010	870,778.29	6,679	8,311	993,084	74.50	13,330
	65,666,383.93	16,677,004	20,752,080	54,764,262		921,731

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 59.4 1.40

AQUA TEXAS, INC.

ACCOUNT 333 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 27-S1.5						
NET SALVAGE PERCENT.. -25						
1973	19,950.00	20,984	2,837	22,100	4.28	5,164
1976	2,500.00	2,528	342	2,783	5.16	539
1983	4,545.17	4,091	553	5,128	7.56	678
1984	115,666.00	101,958	13,784	130,798	7.96	16,432
1992	47,518.77	33,395	4,515	54,883	11.82	4,643
1998	1,035.00	539	73	1,221	15.76	77
1999	716,077.77	347,763	47,015	848,082	16.51	51,368
2000	2,227.16	1,000	135	2,649	17.30	153
2001	71,894.56	29,590	4,000	85,868	18.11	4,741
2002	148,000.72	55,090	7,448	177,553	18.96	9,365
2003	20,788.59	6,901	933	25,053	19.83	1,263
2004	1,449,958.88	421,557	56,992	1,755,457	20.72	84,723
2005	1,243,170.55	308,493	41,706	1,512,257	21.64	69,882
2006	1,190,291.26	243,563	32,928	1,454,936	22.58	64,435
2007	1,339,680.81	214,600	29,013	1,645,588	23.54	69,906
2008	503,425.45	57,800	7,814	621,468	24.52	25,345
2009	400,202.39	27,794	3,758	496,495	25.50	19,470
2010	30,984.86	717	97	38,634	26.50	1,458
	7,307,917.94	1,878,363	253,943	8,880,954		429,642

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 20.7 5.88

AQUA TEXAS, INC.

ACCOUNT 334 METERS AND METER 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 30-S1						
NET SALVAGE PERCENT.. 0						
1954	23.52	23	24			
1963	4,369.75	3,861	4,370			
1965	429.98	371	430			
1967	15.09	13	15			
1968	198.36	165	198			
1970	581.20	470	581			
1971	594.00	474	594			
1972	260.95	205	261			
1973	65,885.59	51,061	65,886			
1974	3,438.85	2,624	3,439			
1975	1,585.46	1,190	1,585			
1976	1,046.64	773	1,047			
1977	3,236.53	2,349	3,237			
1978	1,474.61	1,051	1,475			
1979	3,423.21	2,394	3,423			
1980	1,369.52	939	1,370			
1981	3,241.42	2,178	3,241			
1982	32,556.90	21,412	32,557			
1983	3,187.58	2,050	3,188			
1984	3,506.57	2,202	3,507			
1985	6,732.39	4,125	6,732			
1986	2,057.88	1,229	2,058			
1987	935.33	543	935			
1988	2,541.93	1,434	2,542			
1989	4,846.22	2,649	4,846			
1990	1,109.39	587	1,109			
1991	1,448.24	739	1,448			
1992	520.01	255	520			
1993	29,757.75	14,046	29,409	349	15.84	22
1994	3,523.73	1,592	3,333	191	16.45	12
1995	1,436.02	618	1,294	142	17.08	8
1996	2,699.99	1,104	2,311	389	17.73	22
1997	48,883.87	18,902	39,576	9,308	18.40	506
1998	59,578.29	21,647	45,323	14,255	19.10	746
1999	85,721.27	29,088	60,903	24,818	19.82	1,252
2000	1,508,201.60	474,073	992,589	515,613	20.57	25,066
2001	7,953,922.29	2,296,059	4,807,365	3,146,557	21.34	147,449
2002	179,447.60	47,015	98,438	81,010	22.14	3,659
2003	6,193.57	1,451	3,038	3,156	22.97	137
2004	467,573.92	96,166	201,347	266,227	23.83	11,172
2005	67,986.58	11,966	25,054	42,933	24.72	1,737
2006	512,895.60	74,714	156,432	356,464	25.63	13,908

AQUA TEXAS, INC.

ACCOUNT 334 METERS AND METER 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 30-S1						
NET SALVAGE PERCENT.. 0						
2007	2,537,482.71	290,110	607,417	1,930,066	26.57	72,641
2008	1,238,512.96	101,967	213,493	1,025,020	27.53	37,233
2009	420,930.75	20,908	43,776	377,155	28.51	13,229
2010	218,366.75	3,640	7,621	210,746	29.50	7,144
	15,493,732.37	3,612,432	7,489,337	8,004,395		335,943
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT ..					23.8	2.17

AQUA TEXAS, INC.

ACCOUNT 335 FIRE HYDRANTS

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-R3						
NET SALVAGE PERCENT.. -10						
1968	4,317.81	2,603	3,670	1,080	31.64	34
1969	3,757.69	2,219	3,128	1,005	32.42	31
1970	401.00	232	327	114	33.20	3
1971	2,574.41	1,457	2,054	778	33.99	23
1972	4,621.80	2,557	3,605	1,479	34.79	43
1973	12,158.70	6,573	9,266	4,109	35.60	115
1974	2,392.81	1,263	1,781	851	36.42	23
1975	1,033.26	532	750	387	37.24	10
1976	30,416.24	15,261	21,514	11,944	38.07	314
1977	62,148.99	30,363	42,804	25,560	38.91	657
1978	25,026.85	11,897	16,772	10,758	39.75	271
1979	22,047.50	10,186	14,360	9,892	40.60	244
1980	5,475.00	2,455	3,461	2,562	41.46	62
1981	825.88	359	506	402	42.32	9
1982	7,443.02	3,136	4,421	3,766	43.19	87
1983	20,432.44	8,326	11,738	10,738	44.07	244
1984	84,174.98	33,135	46,712	45,880	44.95	1,021
1985	26,479.94	10,053	14,172	14,956	45.84	326
1986	31,282.27	11,439	16,126	18,284	46.73	391
1987	5,475.57	1,925	2,714	3,309	47.63	69
1988	72,630.20	24,493	34,529	45,364	48.54	935
1989	12,006.24	3,877	5,466	7,741	49.45	157
1990	11,525.71	3,557	5,014	7,664	50.36	152
1991	13,024.95	3,830	5,399	8,928	51.29	174
1992	7,388.70	2,066	2,913	5,215	52.21	100
1993	5,282.06	1,399	1,972	3,838	53.14	72
1994	31,594.59	7,904	11,143	23,611	54.08	437
1995	40,714.23	9,584	13,511	31,275	55.02	568
1996	707.00	156	220	558	55.96	10
1997	107,544.02	22,122	31,186	87,112	56.91	1,531
1998	158,121.66	30,165	42,524	131,410	57.86	2,271
1999	8,212.31	1,444	2,036	6,998	58.81	119
2001	116,073.51	16,909	23,837	103,844	60.73	1,710
2002	175,793.80	22,928	32,322	161,051	61.70	2,610
2003	16,776.55	1,932	2,724	15,730	62.67	251
2004	13,310.17	1,330	1,875	12,766	63.64	201
2005	8,470.86	717	1,011	8,307	64.61	129
2006	52,843.57	3,662	5,162	52,966	65.59	808

AQUA TEXAS, INC.

ACCOUNT 335 FIRE HYDRANTS

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-R3						
NET SALVAGE PERCENT.. -10						
2007	3,880.27	210	296	3,972	66.56	60
2009	16,078.80	374	527	17,160	68.52	250
2010	22,118.51	170	240	24,090	69.51	347
	1,246,583.87	314,800	443,788	927,454		16,869
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT ..					55.0	1.35

AQUA TEXAS, INC.

ACCOUNT 339.1 OTHER PLANT AND MISCELLANEOUS EQUIPMENT - INTANGIBLE

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-R4						
NET SALVAGE PERCENT.. 0						
2002	1,109.47	464	1,109			
2003	1,559.80	578	1,560			
	2,669.27	1,042	2,669			
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT ..					0.0	0.00

AQUA TEXAS, INC.

ACCOUNT 339.2 OTHER PLANT AND MISCELLANEOUS EQUIP.-SOURCE OF SUPPLY & 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 30-R3						
NET SALVAGE PERCENT.. 0						
2000	3,715.35	1,235	3,253	462	20.03	23
2001	572.40	173	456	116	20.93	6
2002	23,438.17	6,367	16,769	6,669	21.85	305
2003	23,036.52	5,544	14,602	8,435	22.78	370
2004	159,216.45	33,383	87,922	71,294	23.71	3,007
2005	19.74	4	11	9	24.66	
2008	12,233.04	999	2,631	9,602	27.55	349
	222,231.67	47,705	125,644	96,588		4,060

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 23.8 1.83

AQUA TEXAS, INC.

ACCOUNT 339.3 OTHER PLANT AND MISCELLANEOUS EQUIPMENT - 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-S2.5						
NET SALVAGE PERCENT.. 0						
1990	13,267.72	8,146	13,268			
2000	24,880.00	8,575	23,922	958	19.66	49
2001	3,974.74	1,244	3,470	505	20.61	25
2004	190,994.57	41,255	115,093	75,902	23.52	3,227
2006	8,500.00	1,275	3,557	4,943	25.50	194
	241,617.03	60,495	159,310	82,307		3,495

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 23.5 1.45

AQUA TEXAS, INC.

ACCOUNT 339.4 OTHER PLANT & MISCELLANEOUS EQUIP.-TRANSMISSION & 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 35-R3						
NET SALVAGE PERCENT.. 0						
1985	11,619.82	7,410	11,620			
2001	4,799.21	1,252	3,536	1,263	25.87	49
2002	64,302.90	15,066	42,546	21,757	26.80	812
2003	36,170.84	7,503	21,189	14,982	27.74	540
2004	94,060.29	16,958	47,889	46,171	28.69	1,609
2005	26.40	4	11	15	29.65	1
2006	4,049.02	508	1,435	2,614	30.61	85
2008	1,704.80	119	336	1,369	32.55	42
	216,733.28	48,820	128,562	88,171		3,138

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 28.1 1.45

AQUA TEXAS, INC.

ACCOUNT 340 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.. 10-SQUARE						
NET SALVAGE PERCENT.. 0						
1998	1,282.20	1,282	1,282			
2003	2,259.00	1,694	438	1,821	2.50	728
2004	1,402.08	911	235	1,167	3.50	333
2005	855,729.15	470,651	121,661	734,068	4.50	163,126
2006	2,917,187.90	1,312,735	339,336	2,577,852	5.50	468,700
2007	343,563.24	120,247	31,083	312,480	6.50	48,074
2008	728,670.78	182,168	47,090	681,581	7.50	90,877
2009	1,090,686.63	163,603	42,291	1,048,396	8.50	123,341
2010	89,068.30	4,453	1,151	87,917	9.50	9,254
	6,029,849.28	2,257,744	584,567	5,445,282		904,433

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 6.0 15.00

AQUA TEXAS, INC.

ACCOUNT 341 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 10-S0						
NET SALVAGE PERCENT.. +5						
2002	194,277.22	98,557	1,770	182,793	4.66	39,226
2003	171,606.41	79,068	1,420	161,606	5.15	31,380
2004	282,462.45	116,728	2,096	266,243	5.65	47,123
2005	6,375.98	2,314	42	6,015	6.18	973
2006	533,867.45	165,339	2,969	504,205	6.74	74,808
2008	174,423.91	33,141	595	165,108	8.00	20,638
2009	47,788.28	5,811	104	45,295	8.72	5,194
2010	24,483.19	1,093	20	23,239	9.53	2,439
	1,435,284.89	502,051	9,016	1,354,505		221,781

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 6.1 15.45

AQUA TEXAS, INC.

ACCOUNT 343 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						
2002	87,534.82	37,202	9,926	77,609	11.50	6,749
2003	7,068.18	2,651	707	6,361	12.50	509
2004	14,748.38	4,793	1,279	13,469	13.50	998
2005	14,344.80	3,945	1,053	13,292	14.50	917
2006	32,850.83	7,391	1,972	30,879	15.50	1,992
2007	4,258.91	745	198	4,061	16.50	246
2008	1,725.44	216	58	1,667	17.50	95
2010	3,900.00	98	26	3,874	19.50	199
	166,431.36	57,041	15,219	151,212		11,705

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 12.9 7.03

AQUA TEXAS, INC.

ACCOUNT 344 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						
2006	1,362.70	409	140	1,223	10.50	116
	1,362.70	409	140	1,223		116

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 10.5 8.51

AQUA TEXAS, INC.

ACCOUNT 345 POWER OPERATED 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 20-L3						
NET SALVAGE PERCENT.. 0						
2001	13,068.00	5,920	3,179	9,889	10.94	904
2003	36,456.08	13,325	7,156	29,300	12.69	2,309
2004	102,669.25	32,803	17,615	85,054	13.61	6,249
2009	49,220.00	3,692	1,983	47,237	18.50	2,553
	201,413.33	55,740	29,933	171,480		12,015

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 14.3 5.97

AQUA TEXAS, INC.

ACCOUNT 346 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	6,657.97	4,217	2,169	4,489	5.50	816
2002	64,655.60	36,638	18,845	45,811	6.50	7,048
2004	28,905.46	12,526	6,443	22,462	8.50	2,643
2005	32,199.94	11,807	6,073	26,127	9.50	2,750
2006	70,534.14	21,160	10,883	59,651	10.50	5,681
2007	13,093.69	3,055	1,571	11,523	11.50	1,002
2008	24,538.38	4,090	2,104	22,434	12.50	1,795
2009	11,312.66	1,131	582	10,731	13.50	795
	251,897.84	94,624	48,670	203,228		22,530

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 9.0 8.94

AQUA TEXAS, INC.

ACCOUNT 347 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	12,190.14	7,720	3,099	9,091	5.50	1,653
2002	9,312.51	5,277	2,119	7,194	6.50	1,107
2003	6,056.00	3,028	1,216	4,840	7.50	645
2004	6,784.65	2,940	1,180	5,605	8.50	659
2006	38,259.00	11,478	4,608	33,651	10.50	3,205
2007	7,001.40	1,634	656	6,345	11.50	552
2008	68,482.84	11,414	4,582	63,901	12.50	5,112
2009	119,039.42	11,904	4,779	114,260	13.50	8,464
	267,125.96	55,395	22,239	244,887		21,397

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 11.4 8.01

AQUA TEXAS, INC.

ACCOUNT 348 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						
1996	437,500.00	317,188	190,739	246,761	5.50	44,866
1998	226,508.20	141,568	85,131	141,377	7.50	18,850
1999	301,942.43	173,617	104,404	197,538	8.50	23,240
2000	5,954.87	3,126	1,880	4,075	9.50	429
2001	28,333.07	13,458	8,093	20,240	10.50	1,928
2002	41,457.57	17,619	10,595	30,863	11.50	2,684
2003	82,863.78	31,074	18,686	64,178	12.50	5,134
2004	334,033.48	108,561	65,282	268,751	13.50	19,907
2005	1,015.76	279	168	848	14.50	58
2006	35,037.96	7,884	4,741	30,297	15.50	1,955
2009	8,335.82	625	376	7,960	18.50	430
	1,502,982.94	814,999	490,095	1,012,888		119,481

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 8.5 7.95

AQUA TEXAS, INC.

Austin, Texas

DEPRECIATION STUDY

CALCULATED ANNUAL DEPRECIATION ACCRUALS

RELATED TO WASTEWATER PLANT

AS OF DECEMBER 31, 2010

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION

Harrisburg, Pennsylvania

Gannett Fleming

Excellence Delivered As Promised

August 26, 2013

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

ii

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 wastewater 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

JOHN J. SPANOS
Sr. Vice President
Valuation and Rate Division

JJS:krm

056306

CONTENTS

PART I. INTRODUCTION

PART II. METHODS USED IN THE ESTIMATION OF DEPRECIATION

PART III. RESULTS OF STUDY

CONTENTS, cont.

PART III. RESULTS OF STUDY, cont.

I-1

PART I. INTRODUCTION

AQUA TEXAS, INC.

DEPRECIATION STUDY

CALCULATED ANNUAL DEPRECIATION ACCRUALS
RELATED TO WASTEWATER 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 wastewater 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 wastewater industry, including knowledge of service life and salvage estimates used for other wastewater 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-27 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,

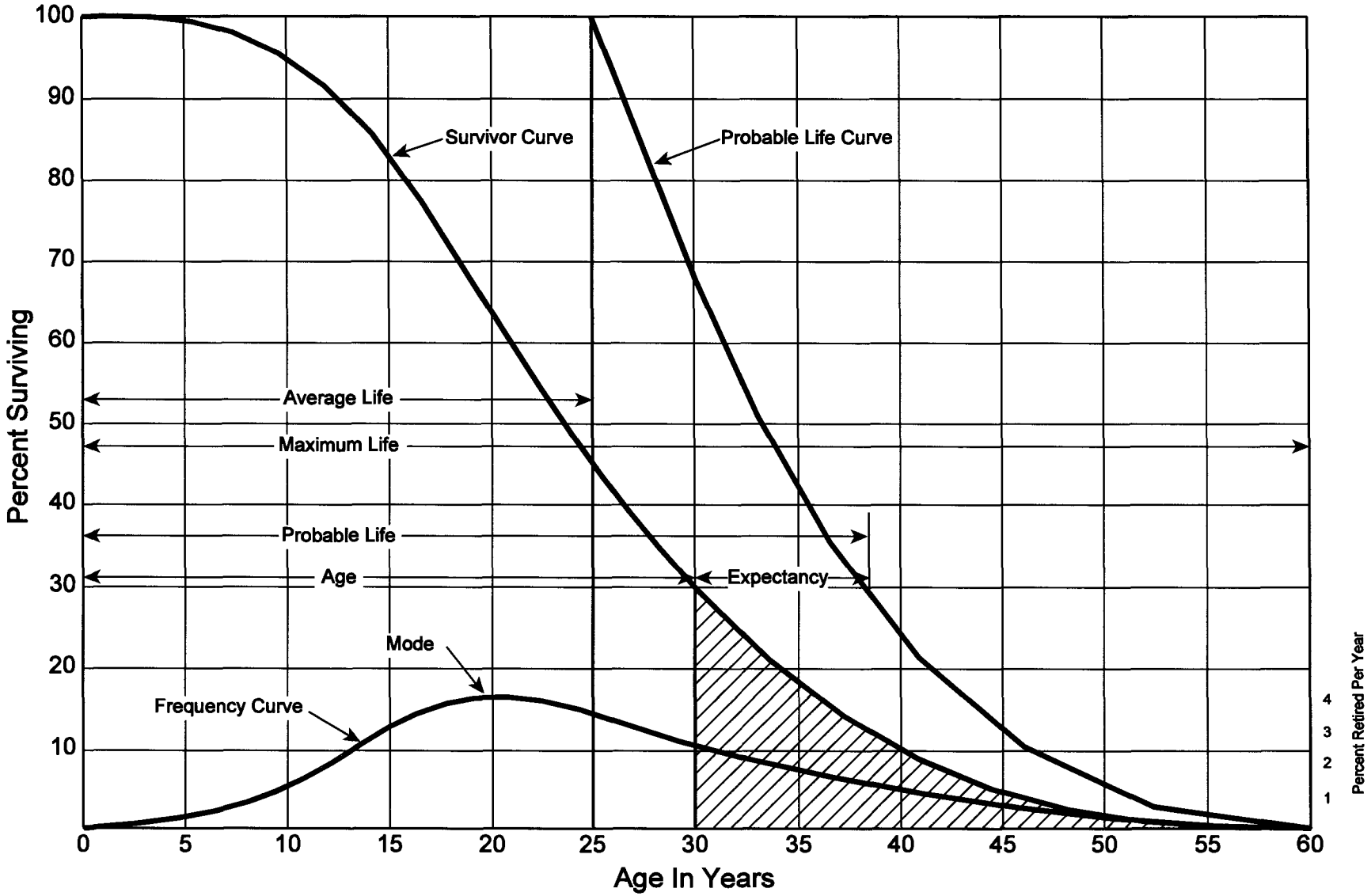


Figure 1. A Typical Survivor Curve and Derived Curves

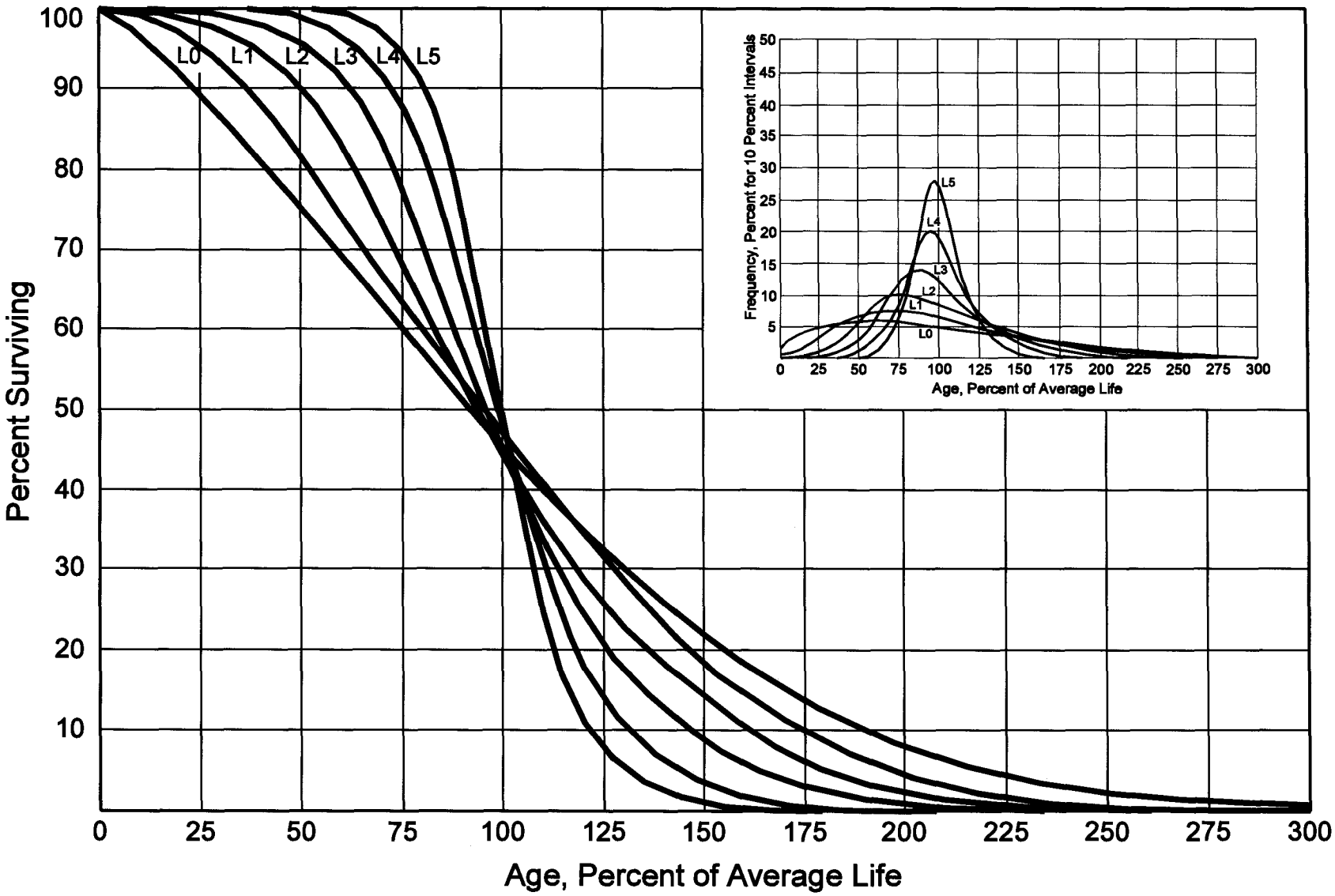


Figure 2. Left Modal or "L" Iowa Type Survivor Curves

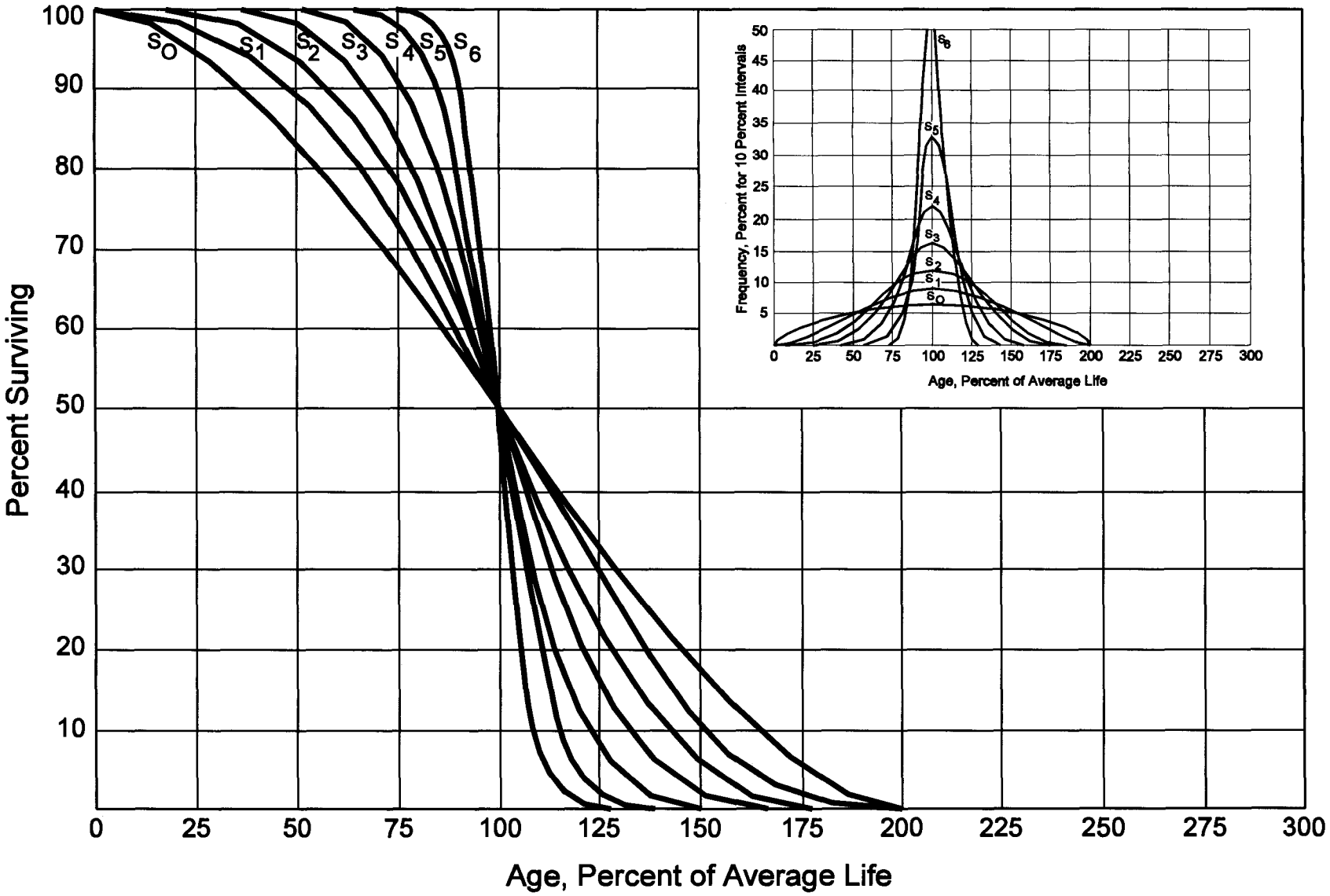


Figure 3. Symmetrical or "S" Iowa Type Survivor Curves

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 thesis[3] 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

---

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

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

[3]Couch, 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.

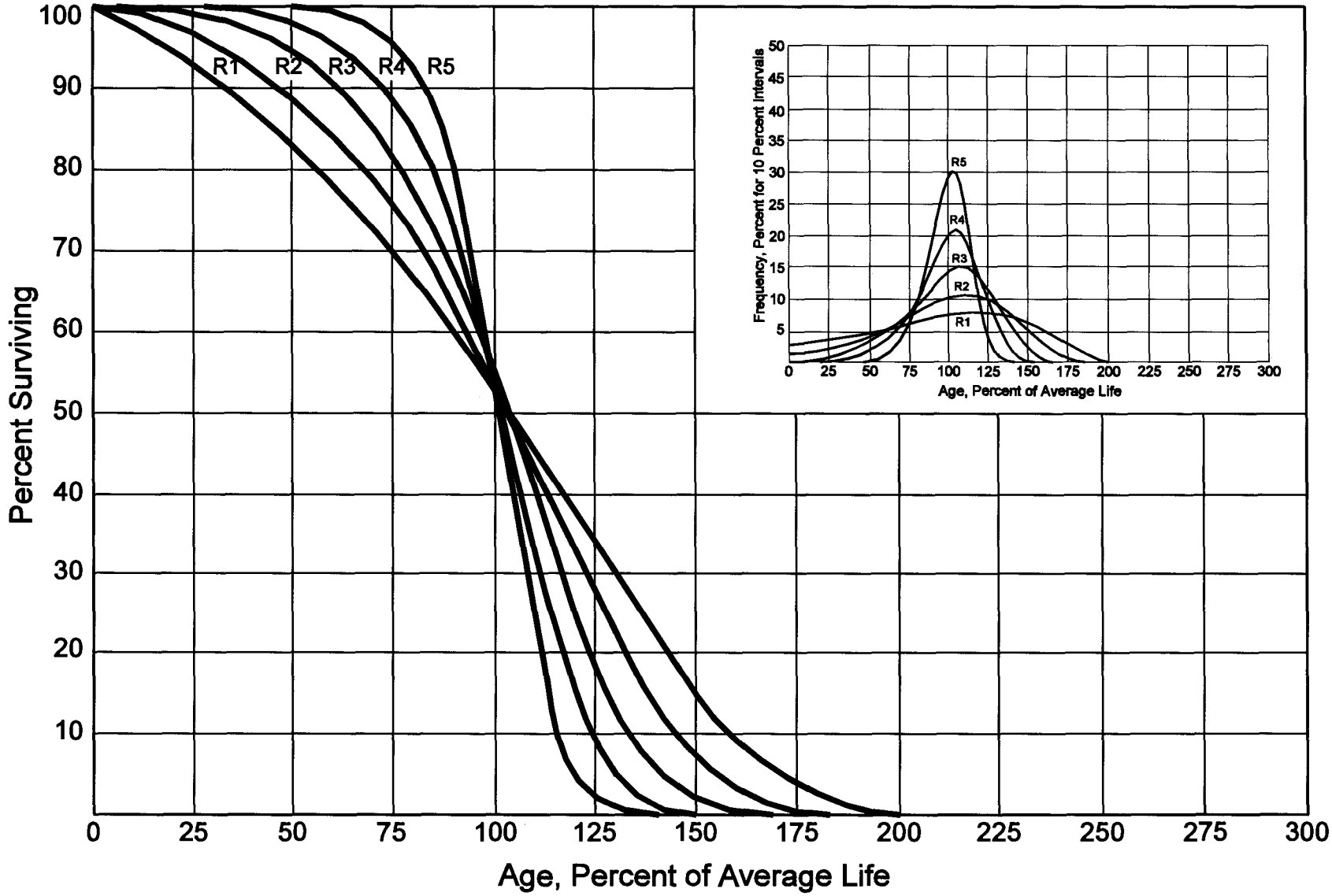


Figure 4. Right Modal or "R" Iowa Type Survivor Curves

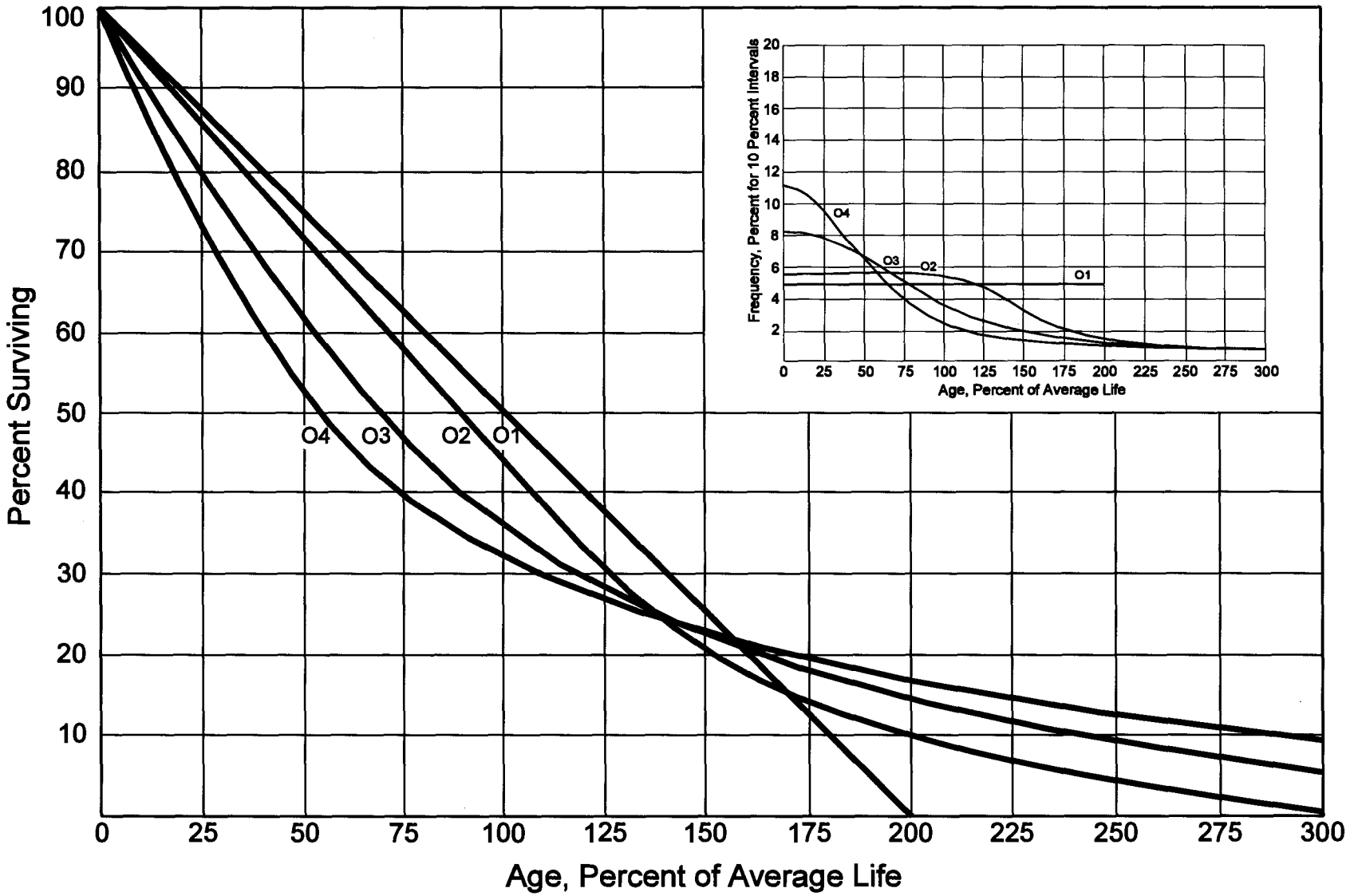


Figure 5. Origin Modal or "O" Iowa Type Survivor Curves

property groups for which aged accounting experience is available or for which aged accounting experience is developed by statistically aging unaged amounts and is the method used to develop the original stub survivor curves in this study. The method (also known as the annual rate method) is illustrated through the use of an example in the following text, and is also explained in several publications, including "Statistical Analyses of Industrial Property Retirements,"[4] "Engineering Valuation and Depreciation,"[5] and "Depreciation Systems."[6]

The average rate of retirement used in the calculation of the percent surviving for the survivor curve (life table) requires two sets of data: first, the property retired during a period of observation, identified by the property's age at retirement; and second, the property exposed to retirement at the beginnings of the age intervals during the same period. The period of observation is referred to as the experience band, and the band of years which represent the installation dates of the property exposed to retirement during the experience band is referred to as the placement band. An example of the calculations used in the development of a life table follows. The example includes schedules of annual aged property transactions, a schedule of plant exposed to retirement, a life table, and illustrations of smoothing the stub survivor curve.

Schedules of Annual Transactions in Plant Records. The property group used to illustrate the retirement rate method is observed for the experience band 2001-2010 during which there were placements during the years 1996-2010. In order to illustrate the summation of the aged data by age interval, the data were compiled in the manner

---

[4]Winfrey, Robley, Supra Note 1.

[5]Marston, Anson, Robley Winfrey, and Jean C. Hempstead, Supra Note 2.

[6]Wolf, Frank K. and W. Chester Fitch. Depreciation Systems. Iowa State University Press. 1994

presented in Schedules 1 and 2 on pages II-12 and II-13. In Schedule 1, the year of installation (year placed) and the year of retirement are shown. The age interval during which a retirement occurred is determined from this information. In the example which follows, $10,000 of the dollars invested in 1996 were retired in 2001. The $10,000 retirement occurred during the age interval between 4½ and 5½ years on the basis that approximately one-half of the amount of property was installed prior to and subsequent to July 1 of each year. That is, on the average, property installed during a year is placed in service at the midpoint of the year for the purpose of the analysis. All retirements also are stated as occurring at the midpoint of a one-year age interval of time, except the first age interval which encompasses only one-half year.

The total retirements occurring in each age interval in a band are determined by summing the amounts for each transaction year-installation year combination for that age interval. For example, the total of $143,000 retired for age interval 4½-5½ is the sum of the retirements entered on Schedule 1 immediately above the stairstep line drawn on the schedule beginning with the 2001 retirements of 1996 installations and ending with the 2010 retirements of the 2005 installations. Thus, the total amount of 143 for age interval 4½-5½ equals the sum of:

$$10 + 12 + 13 + 11 + 13 + 13 + 15 + 17 + 19 + 20.$$

In Schedule 2, other transactions which affect the group are recorded in a similar manner. The entries illustrated include transfers and sales. The entries which are credits to the plant account are shown in parentheses. The items recorded on this schedule are

SCHEDULE 1. RETIREMENTS FOR EACH YEAR 2001-2010
SUMMARIZED BY AGE INTERVAL

Experience Band 2001-2010

Placement Band 1996-2010

Year Placed	Retirements, Thousands of Dollars During Year										Total During Age Interval	Age Interval
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1996	10	11	12	13	14	16	23	24	25	26	26	13½-14½
1997	11	12	13	15	16	18	20	21	22	19	44	12½-13½
1998	11	12	13	14	16	17	19	21	22	18	64	11½-12½
1999	8	9	10	11	11	13	14	15	16	17	83	10½-11½
2000	9	10	11	12	13	14	16	17	19	20	93	9½-10½
2001	4	9	10	11	12	13	14	15	16	20	105	8½-9½
2002		5	11	12	13	14	15	16	18	20	113	7½-8½
2003			6	12	13	15	16	17	19	19	124	6½-7½
2004				6	13	15	16	17	19	19	131	5½-6½
2005					7	14	16	17	19	20	143	4½-5½
2006						8	18	20	22	23	146	3½-4½
2007							9	20	22	25	150	2½-3½
2008								11	23	25	151	1½-2½
2009									11	24	153	½-1½
2010	—	—	—	—	—	—	—	—	—	13	80	0-½
Total	53	68	86	106	128	157	196	231	273	308	1,606	

SCHEDULE 2. OTHER TRANSACTIONS FOR EACH YEAR 2001-2010
SUMMARIZED BY AGE INTERVAL

Experience Band 2001-2010 Placement Band 1996-2010

Year Placed	Acquisitions, Transfers and Sales, Thousands of Dollars During Year										Total During Age Interval	Age Interval
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1996	-	-	-	-	-	-	60[a]	-	-	-	-	13½-14½
1997	-	-	-	-	-	-	-	-	-	-	-	12½-13½
1998	-	-	-	-	-	-	-	-	-	-	-	11½-12½
1999	-	-	-	-	-	-	-	(5)[b]	-	-	60	10½-11½
2000	-	-	-	-	-	-	-	6[a]	-	-	-	9½-10½
2001		-	-	-	-	-	-	-	-	-	(5)	8½-9½
2002		-	-	-	-	-	-	-	-	-	6	7½-8½
2003			-	-	-	-	-	-	-	-	-	6½-7½
2004				-	-	-	-	(12)[b]	-	-	-	5½-6½
2005					-	-	-	-	22[a]	-	-	4½-5½
2006						-	-	(19)[b]	-	-	10	3½-4½
2007							-	-	-	-	-	2½-3½
2008								-	-	(102)[c]	(121)	1½-2½
2009									-	-	-	½-1½
2010	—	—	—	—	—	—	—	—	—	—	-	0-½
Total	-	-	-	-	-	-	60	(30)	22	(102)	(50)	

[a] Transfer Affecting Exposures at Beginning of Year
[b] Transfer Affecting Exposures at End of Year
[c] Sale with Continued Use
Parentheses denote Credit amount.

not totaled with the retirements but are used in developing the exposures at the beginning of each age interval.

Schedule of Plant Exposed to Retirement. The development of the amount of plant exposed to retirement at the beginning of each age interval is illustrated in Schedule 3 on page II-15.

The surviving plant at the beginning of each year from 2001 through 2010 is recorded by year in the portion of the table headed "Annual Survivors at the Beginning of the Year." The last amount entered in each column is the amount of new plant added to the group during the year. The amounts entered in Schedule 3 for each successive year following the beginning balance or addition are obtained by adding or subtracting the net entries shown on Schedules 1 and 2. For the purpose of determining the plant exposed to retirement, transfers-in are considered as being exposed to retirement in this group at the beginning of the year in which they occurred, and the sales and transfers-out are considered to be removed from the plant exposed to retirement at the beginning of the following year. Thus, the amounts of plant shown at the beginning of each year are the amounts of plant from each placement year considered to be exposed to retirement at the beginning of each successive transaction year. For example, the exposures for the installation year 2006 are calculated in the following manner:

Exposures at age 0 = amount of addition	= $750,000
Exposures at age ½ = $750,000 - $ 8,000	= $742,000
Exposures at age 1½ = $742,000 - $18,000	= $724,000
Exposures at age 2½ = $724,000 - $20,000 - $19,000	= $685,000
Exposures at age 3½ = $685,000 - $22,000	= $663,000

For the entire experience band 2001-2010, the total exposures at the beginning of an age interval are obtained by summing diagonally in a manner similar to the summing

SCHEDULE 3. PLANT EXPOSED TO RETIREMENT
JANUARY 1 OF EACH YEAR 2001-2010
SUMMARIZED BY AGE INTERVAL

Experience Band 2001-2010 Placement Band 1996-2010

Year Placed (1)	Exposures, Thousands of Dollars — Annual Survivors at the Beginning of the Year: 2001 (2)	2002 (3)	2003 (4)	2004 (5)	2005 (6)	2006 (7)	2007 (8)	2008 (9)	2009 (10)	2010 (11)	Total at Beginning of Age Interval (12)	Age Interval (13)
1996	255	245	234	222	209	195	239	216	192	167	167	13½-14½
1997	279	268	256	243	228	212	194	174	153	131	323	12½-13½
1998	307	296	284	271	257	241	224	205	184	162	531	11½-12½
1999	338	330	321	311	300	289	276	262	242	226	823	10½-11½
2000	376	367	357	346	334	321	307	297	280	261	1,097	9½-10½
2001	420[a]	416	407	397	386	374	361	347	332	316	1,503	8½-9½
2002		460[a]	455	444	432	419	405	390	374	356	1,952	7½-8½
2003			510[a]	504	492	479	464	448	431	412	2,463	6½-7½
2004				580[a]	574	561	546	530	501	482	3,057	5½-6½
2005					660[a]	653	639	623	628	609	3,789	4½-5½
2006						750[a]	742	724	685	663	4,332	3½-4½
2007							850[a]	841	821	799	4,955	2½-3½
2008								960[a]	949	926	5,719	1½-2½
2009									1,080[a]	1,069	6,579	½-1½
2010										1,220[a]	7,490	0-½
Total	1,975	2,382	2,824	3,318	3,872	4,494	5,247	6,017	6,852	7,799	44,780	

[a] Additions during the year.

of the retirements during an age interval (Schedule 1). For example, the figure of 3,789, shown as the total exposures at the beginning of age interval 4½-5½, is obtained by summing:

255 + 268 + 284 + 311 + 334 + 374 + 405 + 448 + 501 + 609.

Original Life Table. The original life table, illustrated in Schedule 4 on page II-17, is developed from the totals shown on the schedules of retirements and exposures, Schedules 1 and 3, respectively. The exposures at the beginning of the age interval are obtained from the corresponding age interval of the exposure schedule, and the retirements during the age interval are obtained from the corresponding age interval of the retirement schedule. The retirement ratio is the result of dividing the retirements during the age interval by the exposures at the beginning of the age interval. The percent surviving at the beginning of each age interval is derived from survivor ratios, each of which equals one minus the retirement ratio. The percent surviving is developed by starting with 100% at age zero and successively multiplying the percent surviving at the beginning of each interval by the survivor ratio, i.e., one minus the retirement ratio for that age interval. The calculations necessary to determine the percent surviving at age 5½ are as follows:

Percent surviving at age 4½	=	88.15				
Exposures at age 4½	=	3,789,000				
Retirements from age 4½ to 5½	=	143,000				
Retirement Ratio	=	143,000	÷	3,789,000	=	0.0377
Survivor Ratio	=	1.000	-	0.0377	=	0.9623
Percent surviving at age 5½	=	(88.15)	x	(0.9623)	=	84.83

The totals of the exposures and retirements (columns 2 and 3) are shown for the purpose of checking with the respective totals in Schedules 1 and 3. The ratio of the total retirements to the total exposures, other than for each age interval, is meaningless.

SCHEDULE 4. ORIGINAL LIFE TABLE
CALCULATED BY THE RETIREMENT RATE METHOD

Experience Band 2001-2010 Placement Band 1996-2010

(Exposure and Retirement Amounts are in Thousands of Dollars)

Age at Beginning of Interval (1)	Exposures at Beginning of Age Interval (2)	Retirements During Age Interval (3)	Retirement Ratio (4)	Survivor Ratio (5)	Percent Surviving at Beginning of Age Interval (6)
0.0	7,490	80	0.0107	0.9893	100.00
0.5	6,579	153	0.0233	0.9767	98.93
1.5	5,719	151	0.0264	0.9736	96.62
2.5	4,955	150	0.0303	0.9697	94.07
3.5	4,332	146	0.0337	0.9663	91.22
4.5	3,789	143	0.0377	0.9623	88.15
5.5	3,057	131	0.0429	0.9571	84.83
6.5	2,463	124	0.0503	0.9497	81.19
7.5	1,952	113	0.0579	0.9421	77.11
8.5	1,503	105	0.0699	0.9301	72.65
9.5	1,097	93	0.0848	0.9152	67.57
10.5	823	83	0.1009	0.8991	61.84
11.5	531	64	0.1205	0.8795	55.60
12.5	323	44	0.1362	0.8638	48.90
13.5	167	26	0.1557	0.8443	42.24
					35.66
Total	44,780	1,606			

Column 2 from Schedule 3, Column 12, Plant Exposed to Retirement.
Column 3 from Schedule 1, Column 12, Retirements for Each Year.
Column 4 = Column 3 divided by Column 2.
Column 5 = 1.0000 minus Column 4.
Column 6 = Column 5 multiplied by Column 6 as of the Preceding Age Interval.

The original survivor curve is plotted from the original life table (column 6, Schedule 4). When the curve terminates at a percent surviving greater than zero, it is called a stub survivor curve. Survivor curves developed from retirement rate studies generally are stub curves.

Smoothing the Original Survivor Curve. The smoothing of the original survivor curve eliminates any irregularities and serves as the basis for the preliminary extrapolation to zero percent surviving of the original stub curve. Even if the original survivor curve is complete from 100% to zero percent, it is desirable to eliminate any irregularities as there is still an extrapolation for the vintages which have not yet lived to the age at which the curve reaches zero percent. In this study, the smoothing of the original curve with established type curves was used to eliminate irregularities in the original curve.

The Iowa type curves are used in this study to smooth those original stub curves which are expressed as percents surviving at ages in years. Each original survivor curve was compared to the Iowa curves using visual and mathematical matching in order to determine the better fitting smooth curves. In Figures 6, 7, and 8 the original curve developed in Schedule 4 is compared with the L, S, and R Iowa type curves which most nearly fit the original survivor curve. In Figure 6 the L1 curve with an average life between 12 and 13 years appears to be the best fit. In Figure 7 the S0 type curve with a 12-year average life appears to be the best fit and appears to be better than the L1 fitting. In Figure 8 the R1 type curve with a 12-year average life appears to be the best fit and appears to be better than either the L1 or the S0. In Figure 9 the three fittings, 12-L1, 12-S0, and 12-R1 are drawn for comparison purposes. It is probable that the 12-R1 Iowa curve would be selected as the most representative of the plotted survivor characteristics of the group, assuming no contrary relevant factors external to the analysis of historical data.

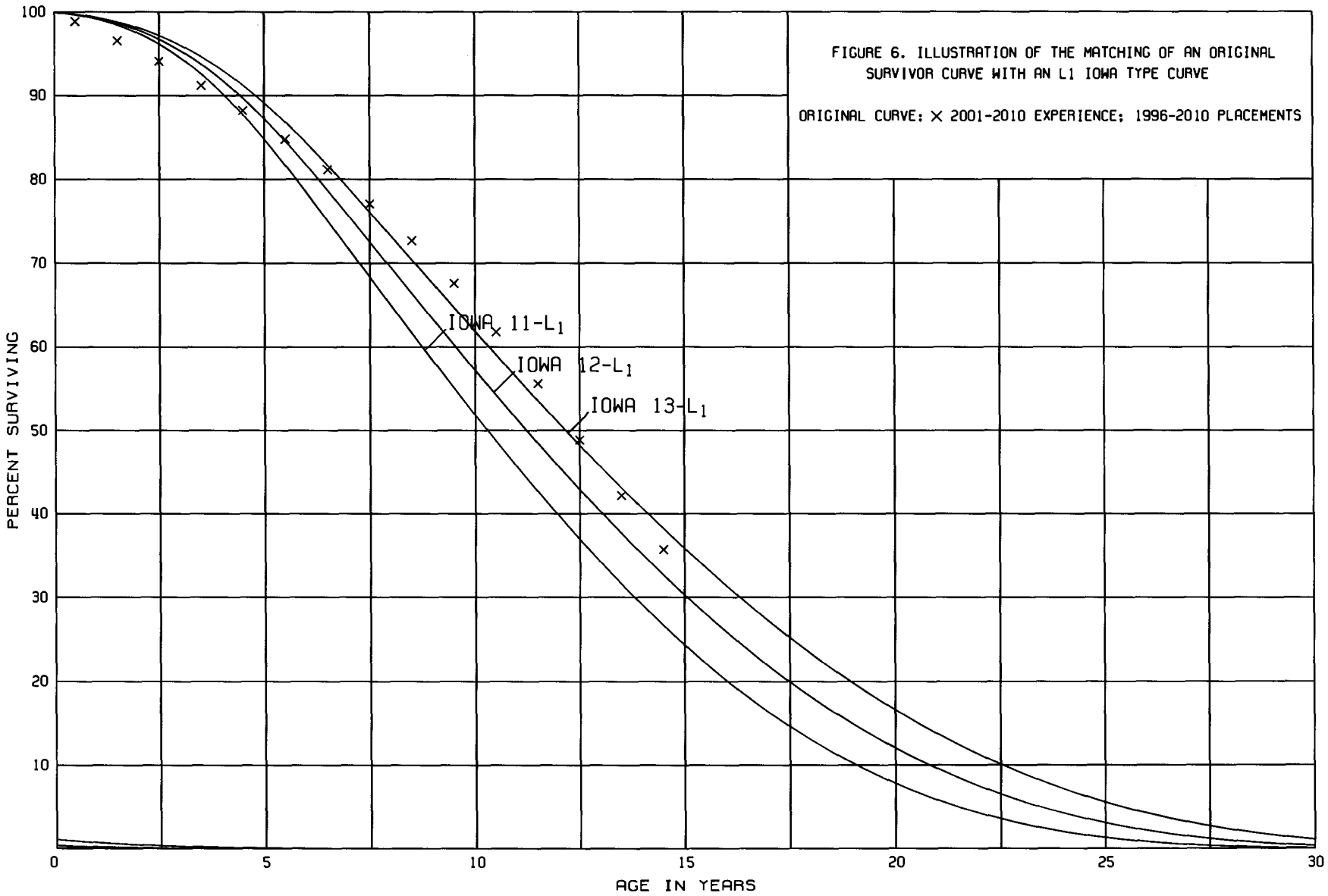


FIGURE 6. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN L1 IOWA TYPE CURVE
ORIGINAL CURVE: × 2001-2010 EXPERIENCE; 1996-2010 PLACEMENTS
IOWA 11-L1
IOWA 12-L1
IOWA 13-L1
PERCENT SURVIVING
AGE IN YEARS
100
90
80
70
60
50
40
30
20
10
0
5
10
15
20
25
30

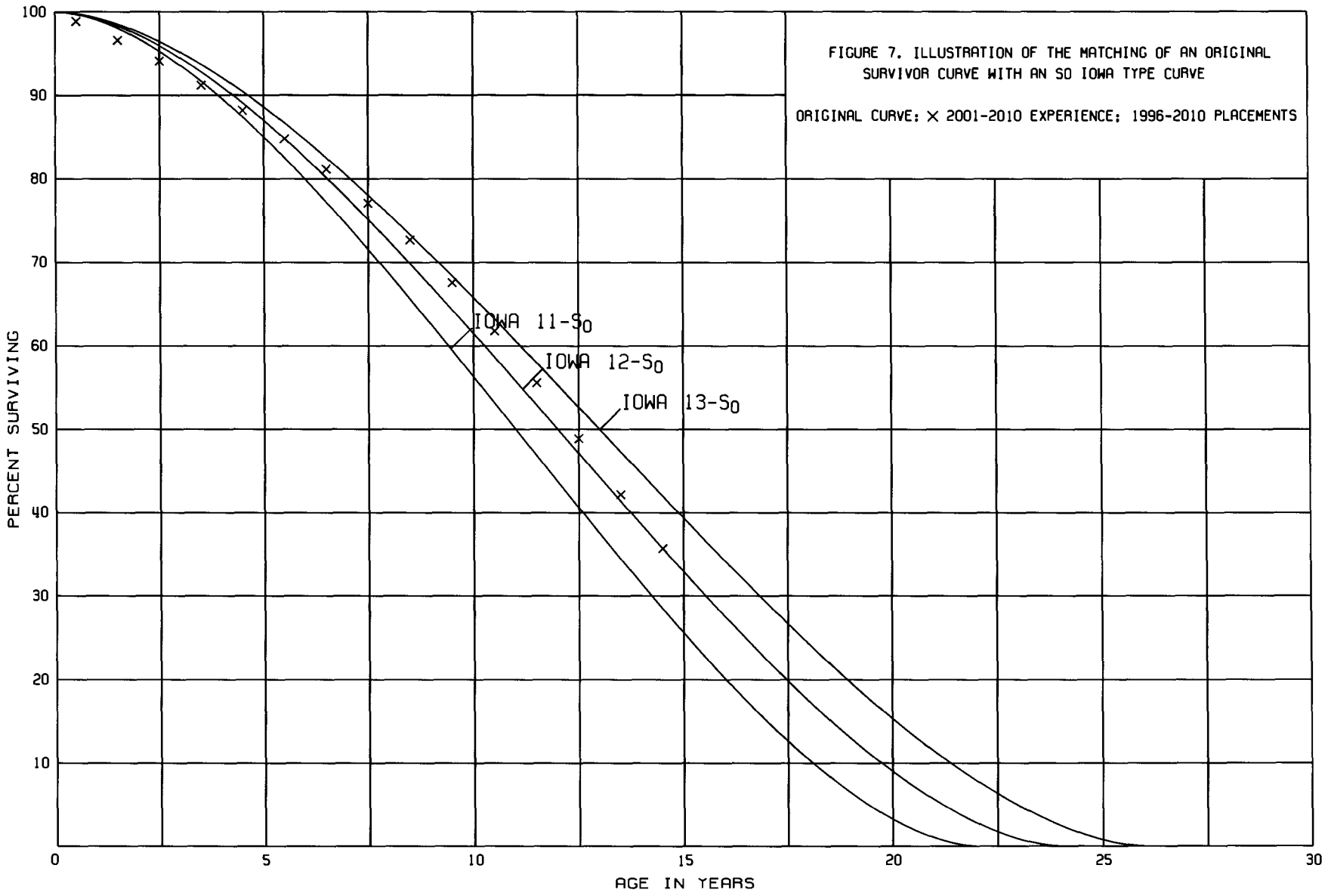


FIGURE 7. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN SO IOWA TYPE CURVE
ORIGINAL CURVE: × 2001-2010 EXPERIENCE; 1996-2010 PLACEMENTS
IOWA 11-S0
IOWA 12-S0
IOWA 13-S0
PERCENT SURVIVING
AGE IN YEARS
100
90
80
70
60
50
40
30
20
10
0
5
10
15
20
25
30

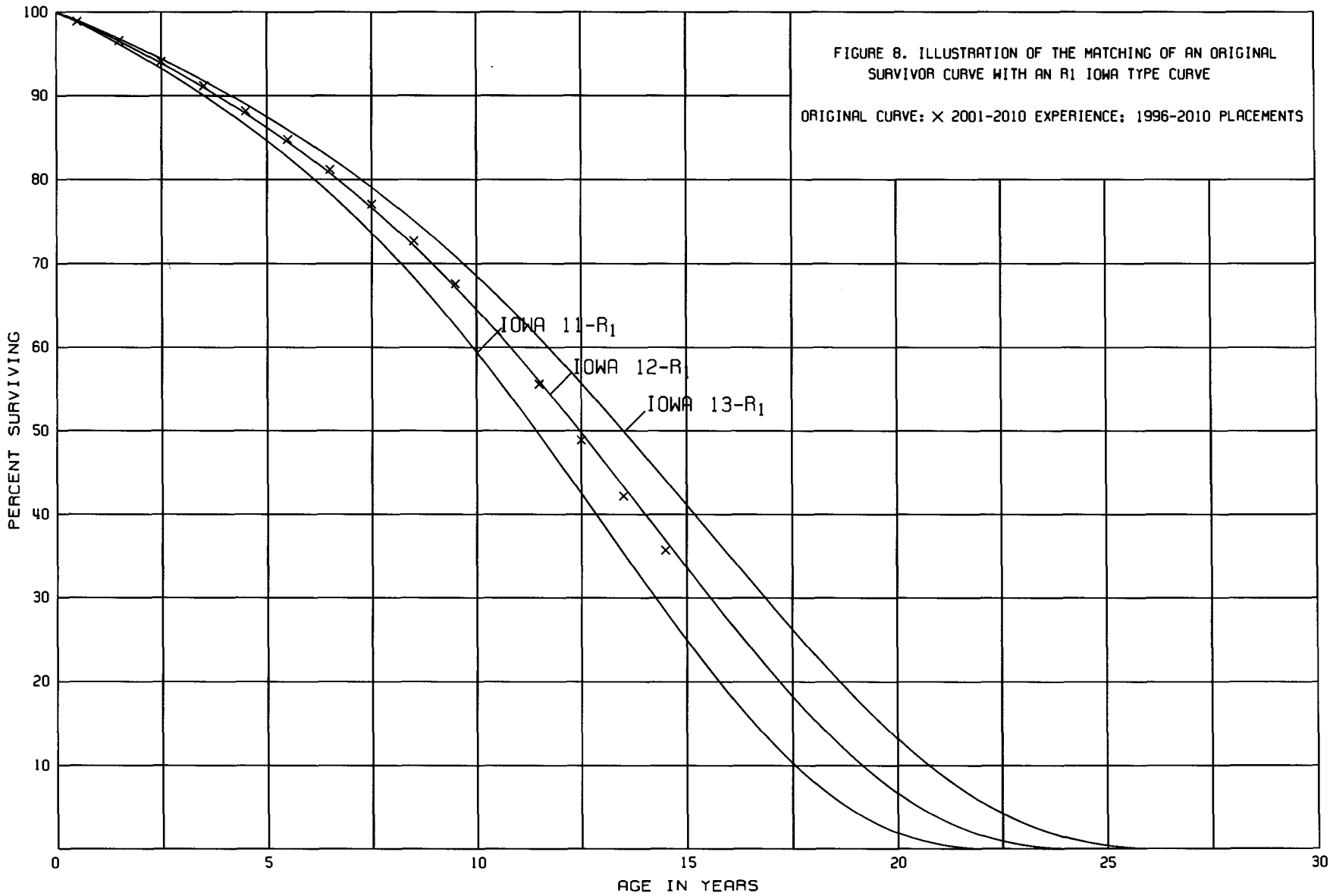


FIGURE 8. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN R1 IOWA TYPE CURVE
ORIGINAL CURVE: × 2001-2010 EXPERIENCE: 1996-2010 PLACEMENTS
IOWA 11-R1
IOWA 12-R1
IOWA 13-R1
PERCENT SURVIVING
AGE IN YEARS
100
90
80
70
60
50
40
30
20
10
0
5
10
15
20
25
30

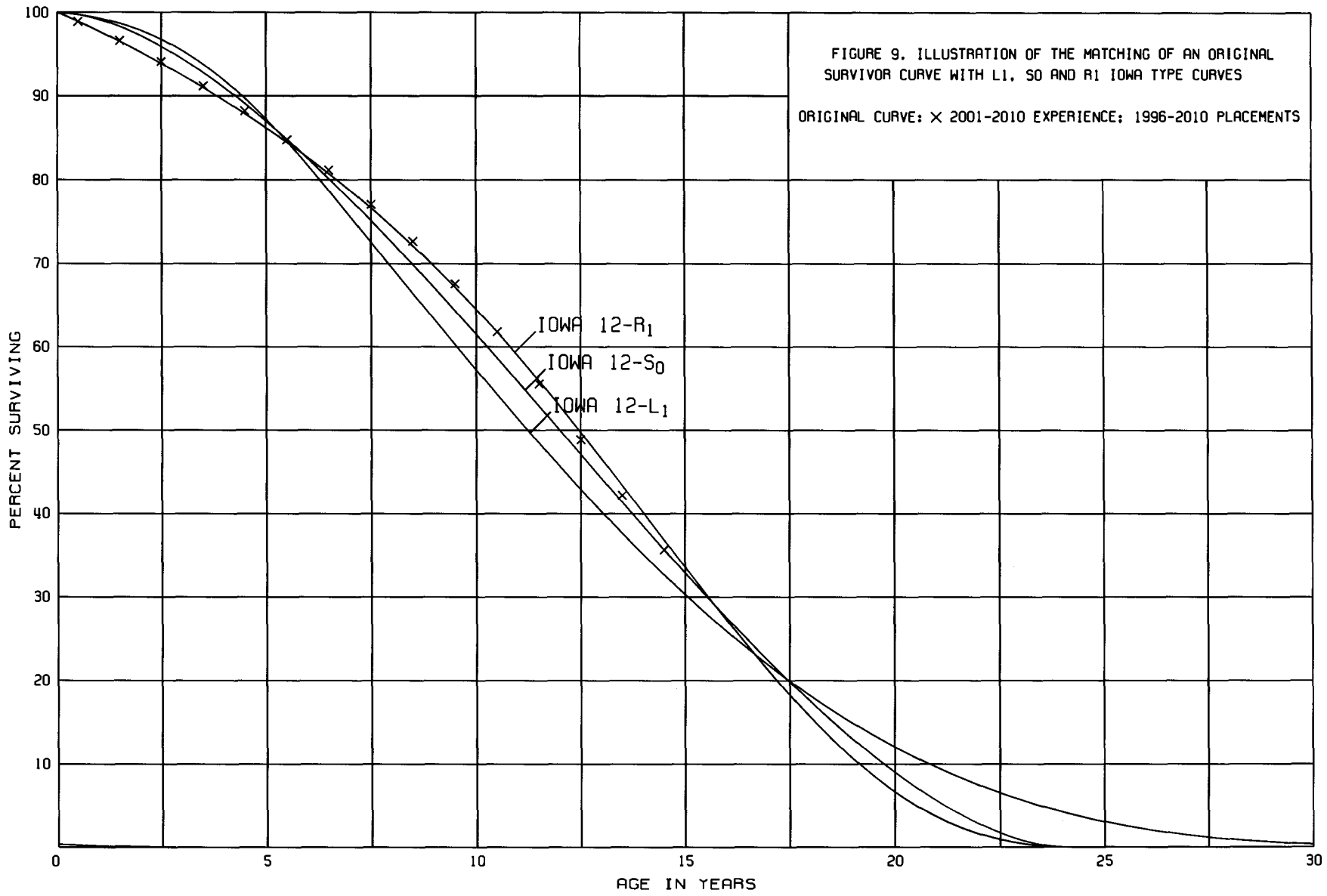


FIGURE 9. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH L1, S0 AND R1 IOWA TYPE CURVES
ORIGINAL CURVE: X 2001-2010 EXPERIENCE: 1996-2010 PLACEMENTS
IOWA 12-R1
IOWA 12-S0
IOWA 12-L1
PERCENT SURVIVING
AGE IN YEARS
100
90
80
70
60
50
40
30
20
10
0
5
10
15
20
25
30

Service Life Considerations

The service life estimates were based on judgment which considered a number of factors. The primary factors were the statistical analyses of data; current company policies and outlook as determined during field reviews of the property and other conversations with management; and the survivor curve estimates from previous studies of this company and other wastewater companies.

For some of the plant accounts and subaccounts, the statistical analyses resulted in good indications of significant survivor patterns. Generally, the information external to the statistics led to no significant departure from the indicated survivor curves for the accounts listed below.

Account No.	Account Description
354.2	Structures and Improvements - Collection
354.4	Structures and Improvements - Transmission and Distribution
361.0	Collection Sewers - Gravity
371.3	Pumping Equipment - Pumping

Account 371.3, Pumping Equipment - Pumping, is used to illustrate the manner in which the study was conducted for the accounts in the preceding list. Aged plant accounting data have been compiled for the years through 2010. These data have been coded according to account or property group, type of transaction, year in which the transaction took place, and year in which the utility plant was placed in service. The retirements, other plant transactions and plant additions were analyzed by the retirement rate method.

The survivor curve estimate for this account is the 36-R1.5 and is based on the statistical indication for the period 1998 through 2010. The 36-R1.5 is an excellent fit of the significant portion of the original survivor curve as set forth on page III-44, is consistent

with management outlook for a continuation of the historical experience and is within the typical service life range of 30 to 45 years for pumping equipment.

Amortization accounting is proposed for certain General Plant accounts that represent numerous units of property, but a small portion of the depreciable plant in service. These accounts represent approximately one percent of total wastewater plant. A discussion of the basis for the amortization periods is presented in the section "Calculation of Annual and Accrued Amortization".

Generally, the estimates for the remaining accounts were based on judgments which considered the nature of the plant and equipment, the previous estimate for this company and a general knowledge of service lives for similar equipment in other wastewater companies.

Salvage Analysis

The estimates of net salvage were based in part on historical data compiled for the years 2005 through 2010. Cost of removal and salvage were expressed as percents of the original cost of plant retired, both on annual and three-year moving average bases. The most recent five-year average also was calculated for consideration. The net salvage estimates are expressed as a percent of the original cost of plant retired.

Net Salvage Considerations

The estimates of salvage were based primarily on judgment which considered a number of factors. The primary factors were the analyses of historical data; a knowledge of management's plans and operating policies; and net salvage estimates from previous studies of this company and other wastewater companies. Given the minimal historical analyses available, all net salvage percents were based on Company plans and the net salvage percents of other utilities.

CALCULATION OF ANNUAL AND ACCRUED DEPRECIATION

After the survivor curve and salvage are estimated, the annual depreciation accrual rate can be calculated. In the average service life procedure, the annual accrual rate is computed by the following equation:

$$\textit{Annual Accrual Rate, Percent} = \frac{\textit{(100\% - Net Salvage, Percent)}}{\textit{Average Service Life}}.$$

The calculated accrued depreciation for each depreciable property group represents that portion of the depreciable cost of the group which will not be allocated to expense through future depreciation accruals, if current forecasts of life characteristics are used as a basis for straight line depreciation accounting.

The accrued depreciation calculation consists of applying an appropriate ratio to the surviving original cost of each vintage of each account, based upon the attained age and the estimated survivor curve. The accrued depreciation ratios are calculated as follows:

$$\textit{Ratio} = \left(1 - \frac{\textit{Average Remaining Life Expectancy}}{\textit{Average Service Life}}\right)(1 - \textit{Net Salvage, Percent}).$$

The application of these procedures is described for a single unit of property and a group of property units. Salvage is omitted from the description for ease of application.

Single Unit of Property

The calculation of straight line depreciation for a single unit of property is straightforward. For example, if a $1,000 unit of property attains an age of four years and has a life expectancy of six years, the annual accrual over the total life is:

$$\frac{\$1{,}000}{(4 + 6)} = \$100 \textit{ per year.}$$

The accrued depreciation is:

$$\$1{,}000\ (1 - \frac{6}{10}) = \$400.$$

Group Depreciation Procedures

When more than a single item of property is under consideration, a group procedure for depreciation is appropriate because normally all of the items within a group do not have identical service lives, but have lives that are dispersed over a range of time. There are two primary group procedures, namely, average service life and equal life group.

Remaining Life Annual Accruals. For the purpose of calculating remaining life accruals as of December 31, 2010, the depreciation reserve for each plant account is allocated among vintages in proportion to the calculated accrued depreciation for the account. Explanations of remaining life accruals and calculated accrued depreciation follow. The detailed calculations as of December 31, 2010, are set forth in the Results of Study section of the report.

Average Service Life Procedure. In the average service life procedure, the remaining life annual accrual for each vintage is determined by dividing future book accruals (original cost less book reserve) by the average remaining life of the vintage. The average remaining life is a directly weighted average derived from the estimated future survivor curve in accordance with the average service life procedure.

The calculated accrued depreciation for each depreciable property group represents that portion of the depreciable cost of the group which would not be allocated to expense through future depreciation accruals, if current forecasts of life characteristics are used as the basis for such accruals. The accrued depreciation calculation consists of applying an appropriate ratio to the surviving original cost of each vintage of each account, based upon

the attained age and service life. The straight line accrued depreciation ratios are calculated as follows for the average service life procedure:

$$Ratio = 1 - \frac{Average\ Remaining\ Life}{Average\ Service\ Life}.$$

CALCULATION OF ANNUAL AND ACCRUED AMORTIZATION

Amortization is the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized. Normally, the distribution of the amount is in equal amounts to each year of the amortization period.

The calculation of annual and accrued amortization requires the selection of an amortization period. The amortization periods used in this report were based on judgment which incorporated a consideration of the period during which the assets will render most of their service, the amortization period and service lives used by other utilities, and the service life estimates previously used for the asset under depreciation accounting.

Amortization accounting is proposed for certain General Plant accounts that represent numerous units of property, but a very small portion of depreciable utility plant in service. The accounts and their amortization periods are as follows:

Account		Amortization Period, Years
390	Office Furniture and Equipment	20
391	Tools, Shop and Garage Equipment	20
394	Laboratory Equipment	15
396	Communication Equipment	15
397	Miscellaneous Equipment	15
398	Other Tangible Property	20

The calculated accrued amortization is equal to the original cost multiplied by the ratio of the vintage's age to its amortization period. The annual amortization amount is determined by dividing the original cost by the period of amortization for the account.

III-1

PART III. RESULTS OF STUDY

PART III. RESULTS OF STUDY

QUALIFICATION OF RESULTS

The calculated annual depreciation accrual rates are the principal results of the study. Continued surveillance and periodic revisions are normally required to maintain continued use of appropriate annual depreciation accrual rates. An assumption that accrual rates can remain unchanged over a long period of time implies a disregard for the inherent variability in service lives and salvage and for the change of the composition of property in service. The annual accrual rates were calculated in accordance with the straight line remaining life method of depreciation using the average service life procedure based on estimates which reflect considerations of current historical evidence and expected future conditions.

The annual depreciation accrual rates are applicable specifically to the wastewater plant in service as of December 31, 2010. For most plant accounts, the application of such rates to future balances that reflect additions subsequent to December 31, 2010, is reasonable for a period of three to five years.

DESCRIPTION OF STATISTICAL SUPPORT

The service life and salvage estimates were based on judgment which incorporated statistical analyses of retirement data, discussions with management and consideration of estimates made for other wastewater companies. The results of the statistical analyses of service life are presented in the section titled "Service Life Statistics".

The estimated survivor curves for each account are presented in graphical form. The charts depict the estimated smooth survivor curve and original survivor curve(s), when

applicable, related to each specific group. For groups where the original survivor curve was plotted, the calculation of the original life table is also presented.

The analyses of salvage data are presented in the section titled, "Net Salvage Statistics". The tabulations present annual cost of removal and salvage data, three-year moving averages and the most recent five-year average. Data are shown in dollars and as percentages of original costs retired.

DESCRIPTION OF DEPRECIATION TABULATIONS

A summary table of the results of the study, as applied to the original cost of wastewater plant as of December 31, 2010, are presented on pages III-4 and III-5 of this report. The schedule sets forth the original cost, the book reserve, future accruals, the calculated annual depreciation rate and amount, and the composite remaining life related to wastewater plant.

The tables of the calculated annual depreciation accruals are presented in account sequence in the section titled "Depreciation Calculations." The tables indicate the estimated survivor curve and salvage percent for the account and set forth for each installation year the original cost, the calculated accrued depreciation, the allocated book reserve, future accruals, the remaining life and the calculated annual accrual amount.

AQUA TEXAS, INC.

ESTIMATED SURVIVOR CURVE, NET SALVAGE, ORIGINAL COST, BOOK RESERVE, AND
CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO WASTEWATER PLANT AS OF DECEMBER 31, 2010

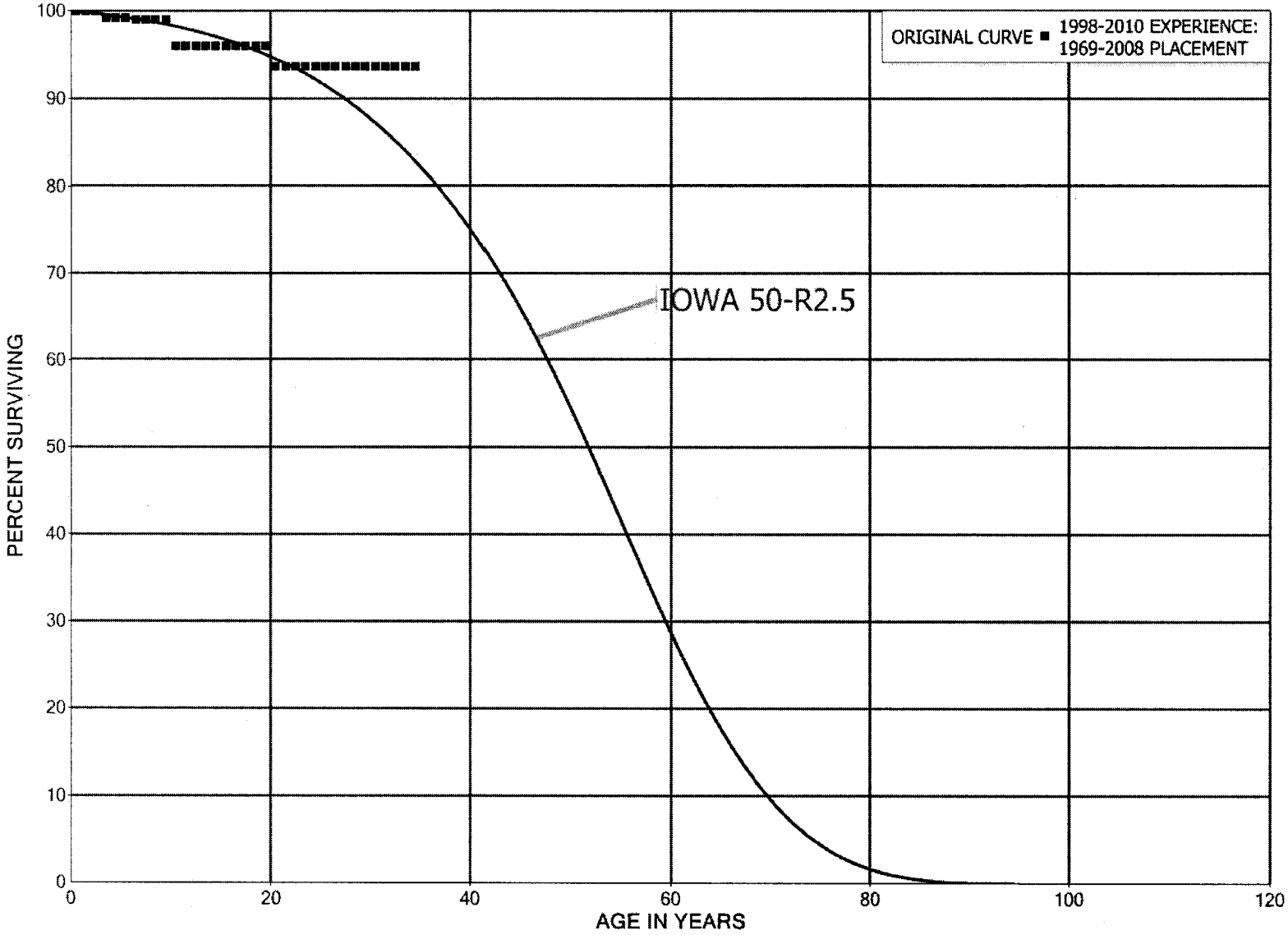
	DEPRECIABLE GROUP	SURVIVOR CURVE	NET SALVAGE	ORIGINAL COST AS OF DECEMBER 31, 2010	BOOK RESERVE	FUTURE ACCRUALS	ANNUAL ACCRUAL AMOUNT	COMPOSITE REMAINING LIFE	ANNUAL ACCRUAL RATE PERCENT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)=(7)/(4)
	DEPRECIABLE PLANT								
	STRUCTURES AND IMPROVEMENTS								
354.20	COLLECTION	50-R2.5	(5)	1,565,826.92	386,462	1,257,656	28,653	43.9	1.83
354.30	PUMPING	45-R3	(5)	818,034.82	210,995	647,942	17,148	37.8	2.10
354.40	TRANSMISSION AND DISTRIBUTION PLANT	45-R2.5	(5)	545,780.50	223,321	349,749	9,145	38.2	1.68
354.50	RAW WATER TREATMENT	45-S2.5	(5)	4,091,416.35	1,085,549	3,210,438	82,428	38.9	2.01
354.70	GENERAL	55-R4	0	1,875,530.28	564,302	1,311,228	27,465	47.7	1.46
	TOTAL STRUCTURES AND IMPROVEMENTS			8,896,588.87	2,470,629	6,777,013	164,839	41.1	1.85
	POWER GENERATION EQUIPMENT								
355.20	COLLECTION	30-S1.5	0	48,234.06	16,717	31,517	1,384	22.8	2.87
355.40	TRANSMISSION AND DISTRIBUTION PLANT	25-R2.5	0	10,659.65	225	10,435	425	24.6	3.99
355.50	RAW WATER TREATMENT	25-R3	0	85,110.27	17,282	67,828	3,675	18.5	4.32
	TOTAL POWER GENERATION EQUIPMENT			144,003.98	34,224	109,780	5,484	20.0	3.81
360.00	COLLECTION SEWERS - FORCE	70-R4	(10)	5,996,311.20	831,558	5,764,384	95,354	60.5	1.59
361.00	COLLECTION SEWERS - GRAVITY	65-S3	(10)	14,080,171.66	5,109,433	10,378,756	229,118	45.3	1.63
362.00	SPECIAL COLLECTING STRUCTURES	40-R3	0	124,003.52	69,077	54,927	1,712	32.1	1.38
363.00	SERVICES TO CUSTOMERS	50-S1.5	0	3,294,083.37	31,920	3,262,163	78,145	41.7	2.37
364.00	FLOW MEASURING DEVICES	22-S2.5	0	264,167.08	107,160	157,007	10,506	14.9	3.98
365.00	FLOW MEASURING INSTALLATIONS	12-L2.5	0	23,521.44	6,329	17,192	1,789	9.6	7.61
366.00	REUSE SERVICES	40-R2.5	0	41,642.07	3,374	38,268	1,291	29.6	3.10
367.00	REUSE METERS AND INSTALLATIONS	20-R3	0	391.85	28	364	26	14.0	6.64
370.00	RECEIVING WELLS	50-R4	0	3,476,533.37	1,513,505	1,963,028	48,882	40.2	1.41
	PUMPING EQUIPMENT								
371.30	PUMPING	36-R1.5	(5)	4,569,775.18	1,348,874	3,449,390	112,843	30.6	2.47
371.50	RAW WATER TREATMENT	30-R2.5	(5)	556,802.16	131,021	453,621	18,997	23.9	3.41
371.60	RAW WATER DISTRIBUTION	30-R3	0	113,551.67	24,100	89,452	3,645	24.5	3.21
	TOTAL PUMPING EQUIPMENT			5,240,129.01	1,503,995	3,992,463	135,485	29.5	2.59
374.00	REUSE DISTRIBUTION RESERVOIRS	45-S2	0	54,896.69	11,277	43,620	1,145	38.1	2.09
375.00	REUSE TRANSMISSION AND DISTRIBUTION SYSTEM	40-R2.5	0	474,816.56	108,039	366,778	11,657	31.5	2.46
	TREATMENT AND DISPOSAL EQUIPMENT								
380.40	TRANSMISSION AND DISTRIBUTION PLANT	50-R3	(10)	9,777,938.75	5,521,236	5,234,497	128,342	40.8	1.31
380.50	RAW WATER TREATMENT	45-R3	(10)	7,863,930.36	3,176,281	5,474,042	146,307	37.4	1.86
	TOTAL TREATMENT AND DISPOSAL EQUIPMENT			17,641,869.11	8,697,517	10,708,539	274,649	39.0	1.56
	PLANT SEWERS								
381.40	TRANSMISSION AND DISTRIBUTION PLANT	50-R2.5	0	836,510.27	286,218	550,292	13,585	40.5	1.62
381.50	RAW WATER TREATMENT	40-R2.5	0	27,871.49	4,269	23,602	677	34.9	2.43
	TOTAL PLANT SEWERS			864,381.76	290,487	573,894	14,262	40.2	1.65
382.00	OUTFALL SEWER LINES	40-R2.5	0	11,546.55	350	11,197	315	35.5	2.73

AQUA TEXAS, INC.

ESTIMATED SURVIVOR CURVE, NET SALVAGE, ORIGINAL COST, BOOK RESERVE, AND
CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO WASTEWATER PLANT AS OF DECEMBER 31, 2010

	DEPRECIABLE GROUP	SURVIVOR CURVE	NET SALVAGE	ORIGINAL COST AS OF DECEMBER 31, 2010	BOOK RESERVE	FUTURE ACCRUALS	ANNUAL ACCRUAL AMOUNT	COMPOSITE REMAINING LIFE	ANNUAL ACCRUAL RATE PERCENT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)=(7)/(4)
	OTHER PLANT AND MISCELLANEOUS EQUIPMENT								
389.10	INTANGIBLE	20-S2	0	18,934.55	8,706	10,229	755	13.5	3.99
389.20	COLLECTION	20-R3	0	1,365.42	921	444	34	13.1	2.49
389.30	PUMPING	30-R3	0	3,215.32	2,016	1,199	53	22.6	1.65
389.40	TRANSMISSION AND DISTRIBUTION PLANT	35-R4	0	15,446.00	4,956	10,490	374	28.0	2.42
389.50	RAW WATER TREATMENT	25-S2.5	0	182,798.60	56,355	126,444	7,273	17.4	3.98
	TOTAL OTHER PLANT AND MISCELLANEOUS EQUIPMENT			221,759.89	72,954	148,806	8,489	17.5	3.83
390.00	OFFICE FURNITURE AND EQUIPMENT	20-SQ	0	2,154.60	1,028	1,127	90	12.5	4.18
391.00	TRANSPORTATION EQUIPMENT	15-L3	0	125,547.33	8,809	116,738	11,592	10.1	9.23
393.00	TOOLS, SHOP AND GARAGE EQUIPMENT	20-SQ	0	31,131.74	20,848	10,284	774	13.3	2.49
394.00	LABORATORY EQUIPMENT	15-SQ	0	4,980.00	580	4,400	463	9.5	9.30
396.00	COMMUNICATION EQUIPMENT	15-SQ	0	90,748.63	12,551	78,198	9,678	8.1	10.66
397.00	MISCELLANEOUS EQUIPMENT	15-SQ	0	14,736.50	5,722	9,014	1,104	8.2	7.49
398.00	OTHER TANGIBLE PLANT	20-SQ	0	474,614.95	213,192	261,423	21,935	11.9	4.62
	TOTAL DEPRECIABLE PLANT			**61,594,731.73**	**21,124,586**	**44,849,363**	**1,128,784**	**39.7**	**1.83**
	NONDEPRECIABLE PLANT								
351.00	ORGANIZATION			326,721.96	40,337				
352.00	FRANCHISES			1,673.10	165				
353.20	LAND AND LAND RIGHTS - COLLECTION			311,223.36					
353.30	LAND AND LAND RIGHTS - PUMPING			29,825.00	8,453				
353.40	LAND AND LAND RIGHTS - TRANSMISSION AND DISTRIBUTION PLANT			206,151.12					
353.50	LAND AND LAND RIGHTS - RAW WATER TREATMENT			124,884.23	(112,395)				
353.60	LAND AND LAND RIGHTS - RAW WATER DISTRIBUTION			105,627.38	120,127				
353.70	LAND AND LAND RIGHTS - GENERAL			102,516.72	28,775				
	TOTAL NONDEPRECIABLE PLANT			1,208,622.87	85,462				
	TOTAL WASTEWATER PLANT			**62,803,354.60**	**21,210,048**	**44,849,363**	**1,128,784**		

AQUA TEXAS, INC.
ACCOUNT 354.2 STRUCTURES AND IMPROVEMENTS - COLLECTION
ORIGINAL AND SMOOTH SURVIVOR CURVES



AQUA TEXAS, INC.

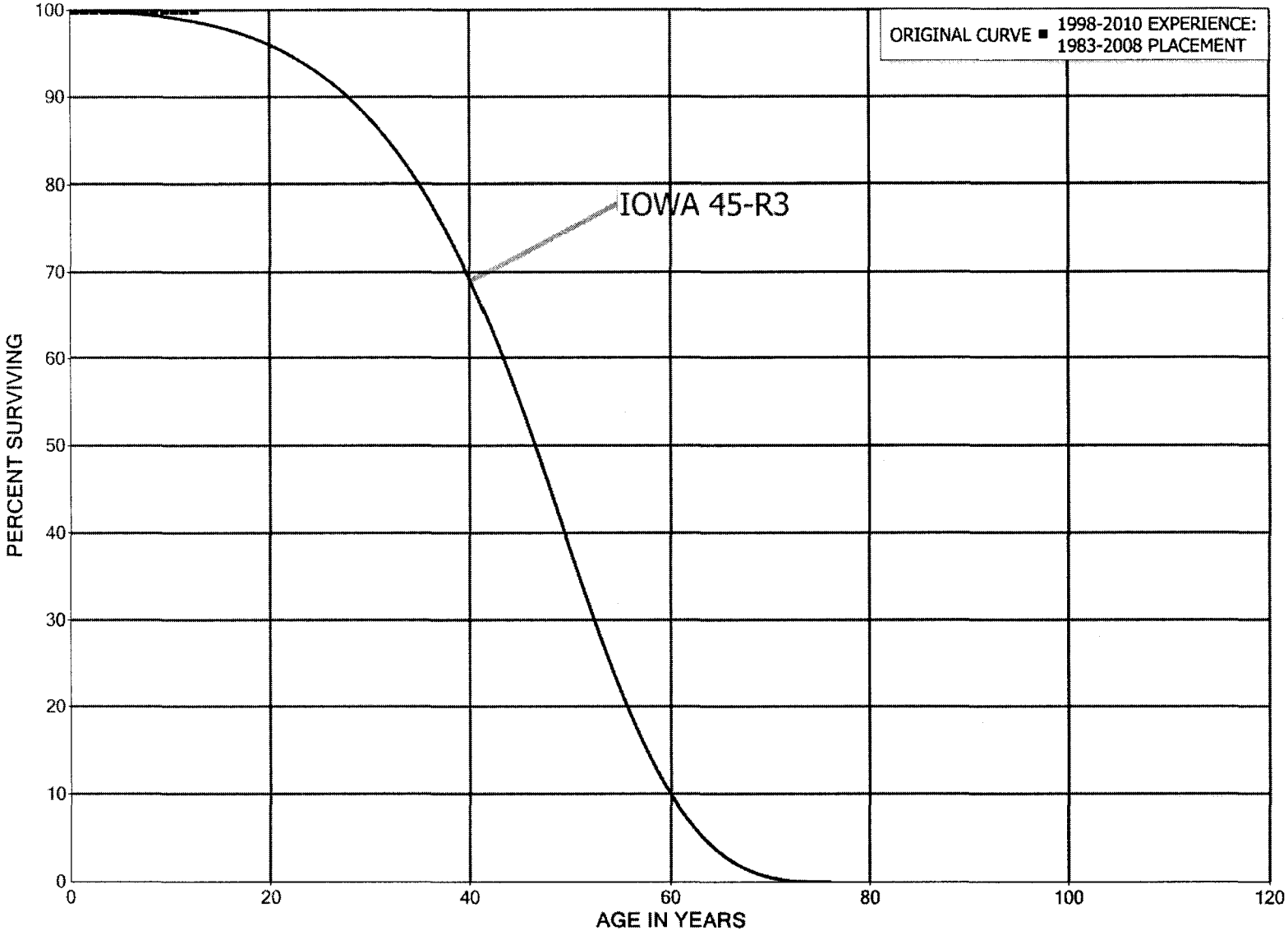
ACCOUNT 354.2 STRUCTURES AND IMPROVEMENTS - COLLECTION

ORIGINAL LIFE TABLE

PLACEMENT BAND 1969-2008 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	1,862,547		0.0000	1.0000	100.00
0.5	1,862,547		0.0000	1.0000	100.00
1.5	1,885,095		0.0000	1.0000	100.00
2.5	1,879,310	14,472	0.0077	0.9923	100.00
3.5	1,845,899		0.0000	1.0000	99.23
4.5	1,840,185		0.0000	1.0000	99.23
5.5	1,621,975	5,544	0.0034	0.9966	99.23
6.5	932,888		0.0000	1.0000	98.89
7.5	342,725		0.0000	1.0000	98.89
8.5	331,154		0.0000	1.0000	98.89
9.5	195,477	5,722	0.0293	0.9707	98.89
10.5	179,854		0.0000	1.0000	96.00
11.5	37,415		0.0000	1.0000	96.00
12.5	37,415		0.0000	1.0000	96.00
13.5	42,038		0.0000	1.0000	96.00
14.5	58,328		0.0000	1.0000	96.00
15.5	58,328		0.0000	1.0000	96.00
16.5	60,076		0.0000	1.0000	96.00
17.5	81,492		0.0000	1.0000	96.00
18.5	79,911		0.0000	1.0000	96.00
19.5	70,585	1,731	0.0245	0.9755	96.00
20.5	68,046		0.0000	1.0000	93.64
21.5	84,491		0.0000	1.0000	93.64
22.5	84,491		0.0000	1.0000	93.64
23.5	84,491		0.0000	1.0000	93.64
24.5	86,849		0.0000	1.0000	93.64
25.5	87,185		0.0000	1.0000	93.64
26.5	70,868		0.0000	1.0000	93.64
27.5	52,812		0.0000	1.0000	93.64
28.5	54,623		0.0000	1.0000	93.64
29.5	34,828		0.0000	1.0000	93.64
30.5	31,430		0.0000	1.0000	93.64
31.5	31,109		0.0000	1.0000	93.64
32.5	31,109		0.0000	1.0000	93.64
33.5	24,263		0.0000	1.0000	93.64
34.5	7,841		0.0000	1.0000	93.64
35.5	7,841		0.0000	1.0000	93.64
36.5	11,954		0.0000	1.0000	93.64
37.5	3,582		0.0000	1.0000	93.64
38.5	3,246		0.0000	1.0000	93.64
39.5	1,783		0.0000	1.0000	93.64
40.5					93.64

AQUA TEXAS, INC.
ACCOUNT 354.3 STRUCTURES AND IMPROVEMENTS - PUMPING
ORIGINAL AND SMOOTH SURVIVOR CURVES



AQUA TEXAS, INC.

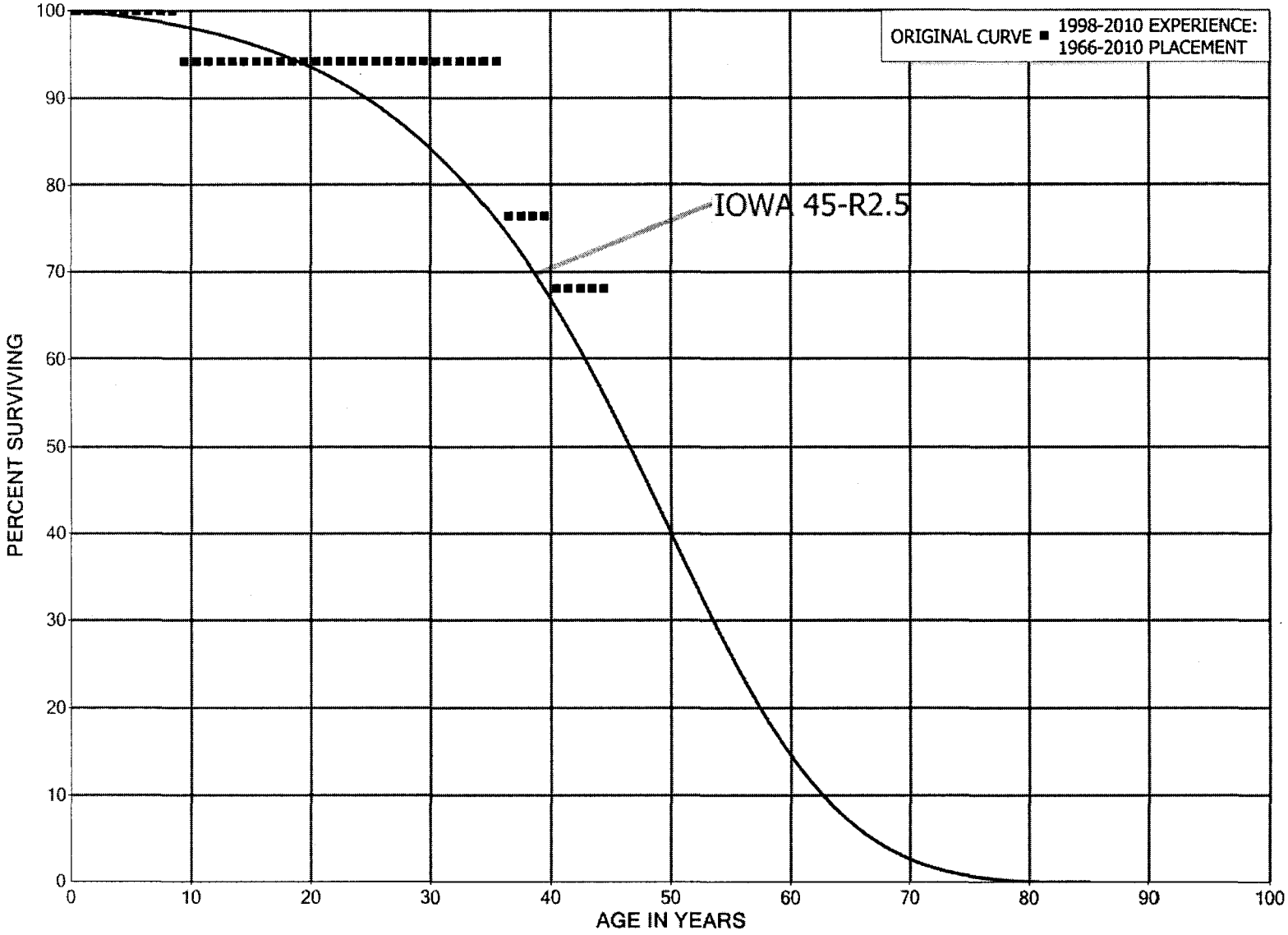
ACCOUNT 354.3 STRUCTURES AND IMPROVEMENTS - PUMPING

ORIGINAL LIFE TABLE

PLACEMENT BAND 1983-2008 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	775,186		0.0000	1.0000	100.00
0.5	775,186		0.0000	1.0000	100.00
1.5	775,186		0.0000	1.0000	100.00
2.5	696,354		0.0000	1.0000	100.00
3.5	674,470		0.0000	1.0000	100.00
4.5	634,854		0.0000	1.0000	100.00
5.5	634,015		0.0000	1.0000	100.00
6.5	627,862		0.0000	1.0000	100.00
7.5	627,862		0.0000	1.0000	100.00
8.5	145,932		0.0000	1.0000	100.00
9.5	5,387		0.0000	1.0000	100.00
10.5	5,387		0.0000	1.0000	100.00
11.5	1,990		0.0000	1.0000	100.00
12.5					100.00
13.5					
14.5	8,313		0.0000		
15.5	8,313		0.0000		
16.5	8,313		0.0000		
17.5	8,313		0.0000		
18.5	8,313		0.0000		
19.5	8,313		0.0000		
20.5	8,313		0.0000		
21.5	8,313		0.0000		
22.5	8,313		0.0000		
23.5	8,313		0.0000		
24.5	8,313		0.0000		
25.5	8,313		0.0000		
26.5	8,313		0.0000		
27.5					

AQUA TEXAS, INC.
ACCOUNT 354.4 STRUCTURES AND IMPROVEMENTS - TRANSMISSION AND DISTRIBUTION PLANT
ORIGINAL AND SMOOTH SURVIVOR CURVES



AQUA TEXAS, INC.

ACCOUNT 354.4 STRUCTURES AND IMPROVEMENTS - 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	534,904		0.0000	1.0000	100.00
0.5	435,190		0.0000	1.0000	100.00
1.5	450,249		0.0000	1.0000	100.00
2.5	450,249		0.0000	1.0000	100.00
3.5	450,249		0.0000	1.0000	100.00
4.5	431,976		0.0000	1.0000	100.00
5.5	436,317		0.0000	1.0000	100.00
6.5	436,317		0.0000	1.0000	100.00
7.5	374,780		0.0000	1.0000	100.00
8.5	224,095	13,030	0.0581	0.9419	100.00
9.5	142,687		0.0000	1.0000	94.19
10.5	119,403		0.0000	1.0000	94.19
11.5	42,308		0.0000	1.0000	94.19
12.5	42,308		0.0000	1.0000	94.19
13.5	43,332		0.0000	1.0000	94.19
14.5	41,405		0.0000	1.0000	94.19
15.5	41,405		0.0000	1.0000	94.19
16.5	86,241		0.0000	1.0000	94.19
17.5	78,955		0.0000	1.0000	94.19
18.5	74,615		0.0000	1.0000	94.19
19.5	74,615		0.0000	1.0000	94.19
20.5	74,615		0.0000	1.0000	94.19
21.5	74,615		0.0000	1.0000	94.19
22.5	59,112		0.0000	1.0000	94.19
23.5	59,112		0.0000	1.0000	94.19
24.5	65,581		0.0000	1.0000	94.19
25.5	65,581		0.0000	1.0000	94.19
26.5	64,556		0.0000	1.0000	94.19
27.5	51,424		0.0000	1.0000	94.19
28.5	53,334		0.0000	1.0000	94.19
29.5	8,379		0.0000	1.0000	94.19
30.5	8,379		0.0000	1.0000	94.19
31.5	9,415		0.0000	1.0000	94.19
32.5	9,415		0.0000	1.0000	94.19
33.5	9,415		0.0000	1.0000	94.19
34.5	9,415		0.0000	1.0000	94.19
35.5	9,415	1,783	0.1894	0.8106	94.19
36.5	7,631		0.0000	1.0000	76.35
37.5	1,162		0.0000	1.0000	76.35
38.5	1,162		0.0000	1.0000	76.35

AQUA TEXAS, INC.

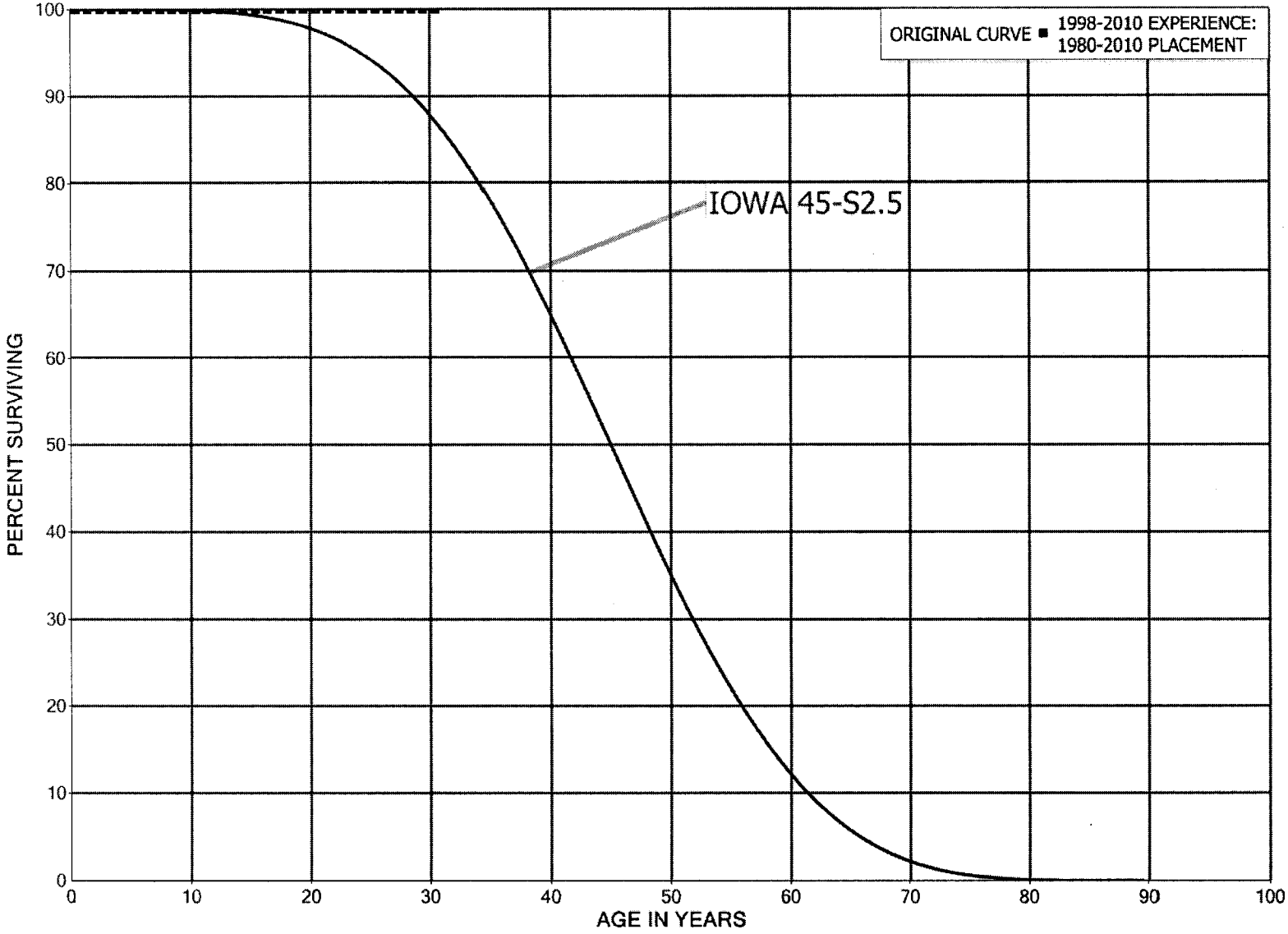
ACCOUNT 354.4 STRUCTURES AND IMPROVEMENTS - TRANSMISSION AND DISTRIBUTION PLANT

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	1,162	126	0.1087	0.8913	76.35
40.5	1,036		0.0000	1.0000	68.05
41.5	1,036		0.0000	1.0000	68.05
42.5	1,036		0.0000	1.0000	68.05
43.5	1,036		0.0000	1.0000	68.05
44.5					68.05

AQUA TEXAS, INC.
ACCOUNT 354.5 STRUCTURES AND IMPROVEMENTS - RAW WATER TREATMENT
ORIGINAL AND SMOOTH SURVIVOR CURVES



AQUA TEXAS, INC.

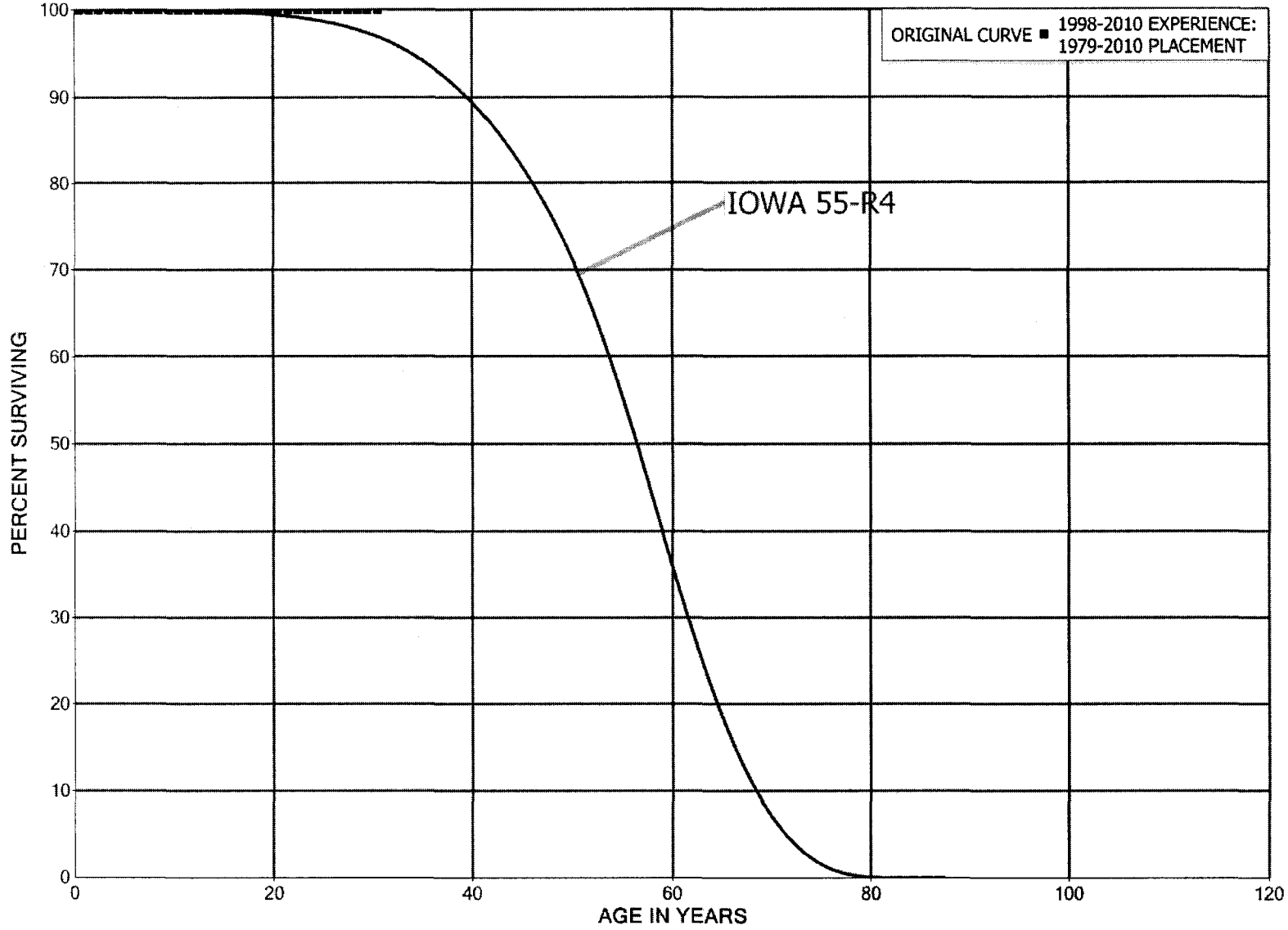
ACCOUNT 354.5 STRUCTURES AND IMPROVEMENTS - RAW WATER TREATMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1980-2010 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	5,215,318		0.0000	1.0000	100.00
0.5	5,207,061		0.0000	1.0000	100.00
1.5	5,163,237	906	0.0002	0.9998	100.00
2.5	5,173,045		0.0000	1.0000	99.98
3.5	4,431,054		0.0000	1.0000	99.98
4.5	3,846,598		0.0000	1.0000	99.98
5.5	3,132,048		0.0000	1.0000	99.98
6.5	1,920,175		0.0000	1.0000	99.98
7.5	1,474,300		0.0000	1.0000	99.98
8.5	735,702		0.0000	1.0000	99.98
9.5	420,745		0.0000	1.0000	99.98
10.5	35,752		0.0000	1.0000	99.98
11.5	927		0.0000	1.0000	99.98
12.5	927		0.0000	1.0000	99.98
13.5	927		0.0000	1.0000	99.98
14.5	2,456		0.0000	1.0000	99.98
15.5	2,456		0.0000	1.0000	99.98
16.5	2,456		0.0000	1.0000	99.98
17.5	8,102		0.0000	1.0000	99.98
18.5	8,102		0.0000	1.0000	99.98
19.5	7,175		0.0000	1.0000	99.98
20.5	7,175		0.0000	1.0000	99.98
21.5	7,175		0.0000	1.0000	99.98
22.5	7,175		0.0000	1.0000	99.98
23.5	7,175		0.0000	1.0000	99.98
24.5	7,175		0.0000	1.0000	99.98
25.5	7,175		0.0000	1.0000	99.98
26.5	7,175		0.0000	1.0000	99.98
27.5	5,646		0.0000	1.0000	99.98
28.5	5,646		0.0000	1.0000	99.98
29.5	5,646		0.0000	1.0000	99.98
30.5					99.98

AQUA TEXAS, INC.
ACCOUNT 354.7 STRUCTURES AND IMPROVEMENTS - GENERAL
ORIGINAL AND SMOOTH SURVIVOR CURVES



AQUA TEXAS, INC.

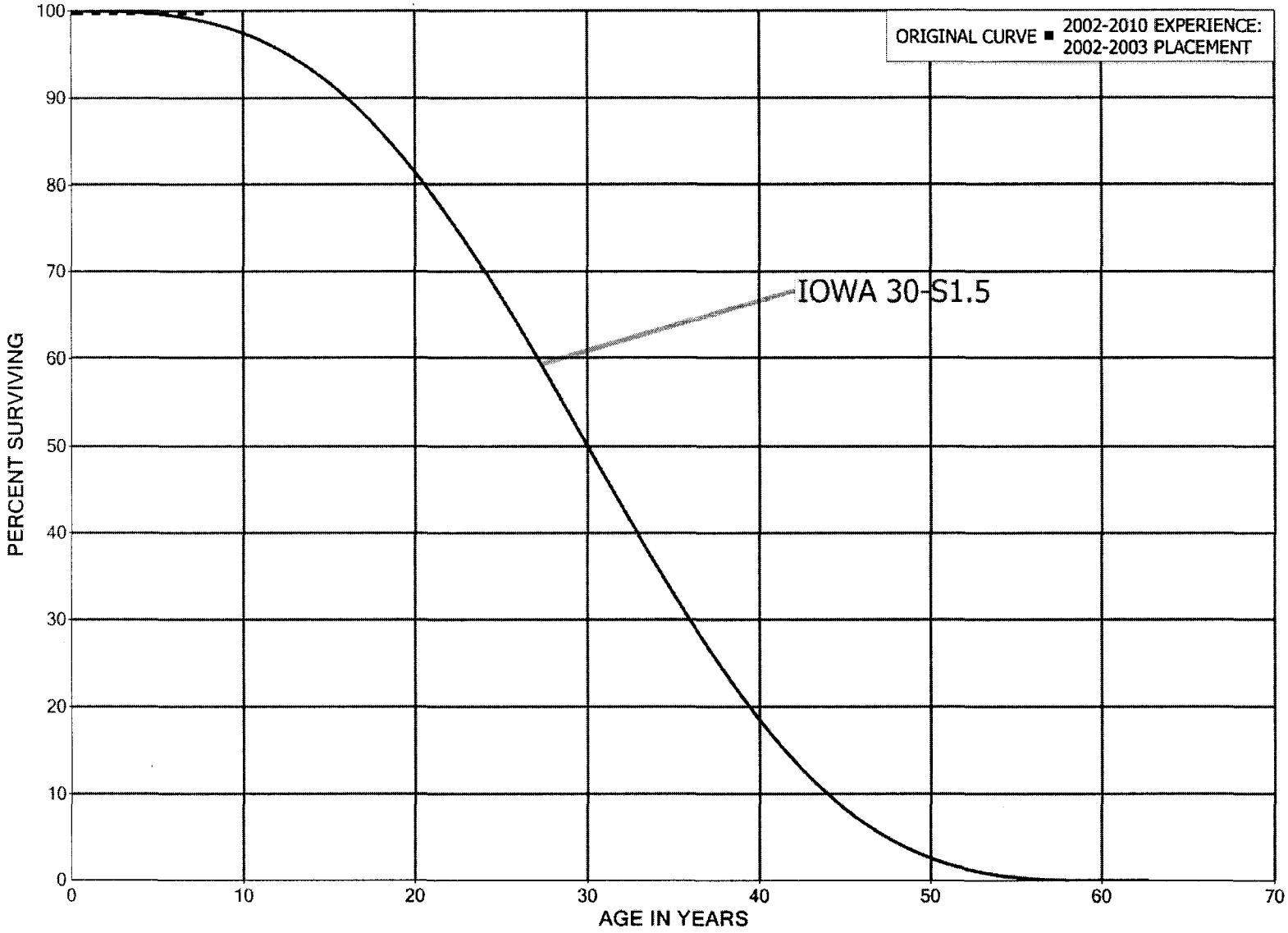
ACCOUNT 354.7 STRUCTURES AND IMPROVEMENTS - GENERAL

ORIGINAL LIFE TABLE

PLACEMENT BAND 1979-2010 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	1,492,735		0.0000	1.0000	100.00
0.5	1,500,868		0.0000	1.0000	100.00
1.5	1,654,048		0.0000	1.0000	100.00
2.5	1,617,436		0.0000	1.0000	100.00
3.5	1,567,250		0.0000	1.0000	100.00
4.5	1,480,924		0.0000	1.0000	100.00
5.5	1,453,718		0.0000	1.0000	100.00
6.5	884,029		0.0000	1.0000	100.00
7.5	1,057,251		0.0000	1.0000	100.00
8.5	450,219		0.0000	1.0000	100.00
9.5	201,295		0.0000	1.0000	100.00
10.5	196,277		0.0000	1.0000	100.00
11.5	43,610		0.0000	1.0000	100.00
12.5	29,628		0.0000	1.0000	100.00
13.5	29,628		0.0000	1.0000	100.00
14.5	29,358		0.0000	1.0000	100.00
15.5	29,671		0.0000	1.0000	100.00
16.5	29,671		0.0000	1.0000	100.00
17.5	29,896		0.0000	1.0000	100.00
18.5	6,088		0.0000	1.0000	100.00
19.5	6,088		0.0000	1.0000	100.00
20.5	6,088		0.0000	1.0000	100.00
21.5	6,088		0.0000	1.0000	100.00
22.5	6,088		0.0000	1.0000	100.00
23.5	6,088		0.0000	1.0000	100.00
24.5	6,088		0.0000	1.0000	100.00
25.5	3,843		0.0000	1.0000	100.00
26.5	3,843		0.0000	1.0000	100.00
27.5	3,843		0.0000	1.0000	100.00
28.5	3,530		0.0000	1.0000	100.00
29.5	3,530		0.0000	1.0000	100.00
30.5					100.00

AQUA TEXAS, INC.
ACCOUNT 355.2 POWER GENERATION EQUIPMENT - COLLECTION
ORIGINAL AND SMOOTH SURVIVOR CURVES



AQUA TEXAS, INC.

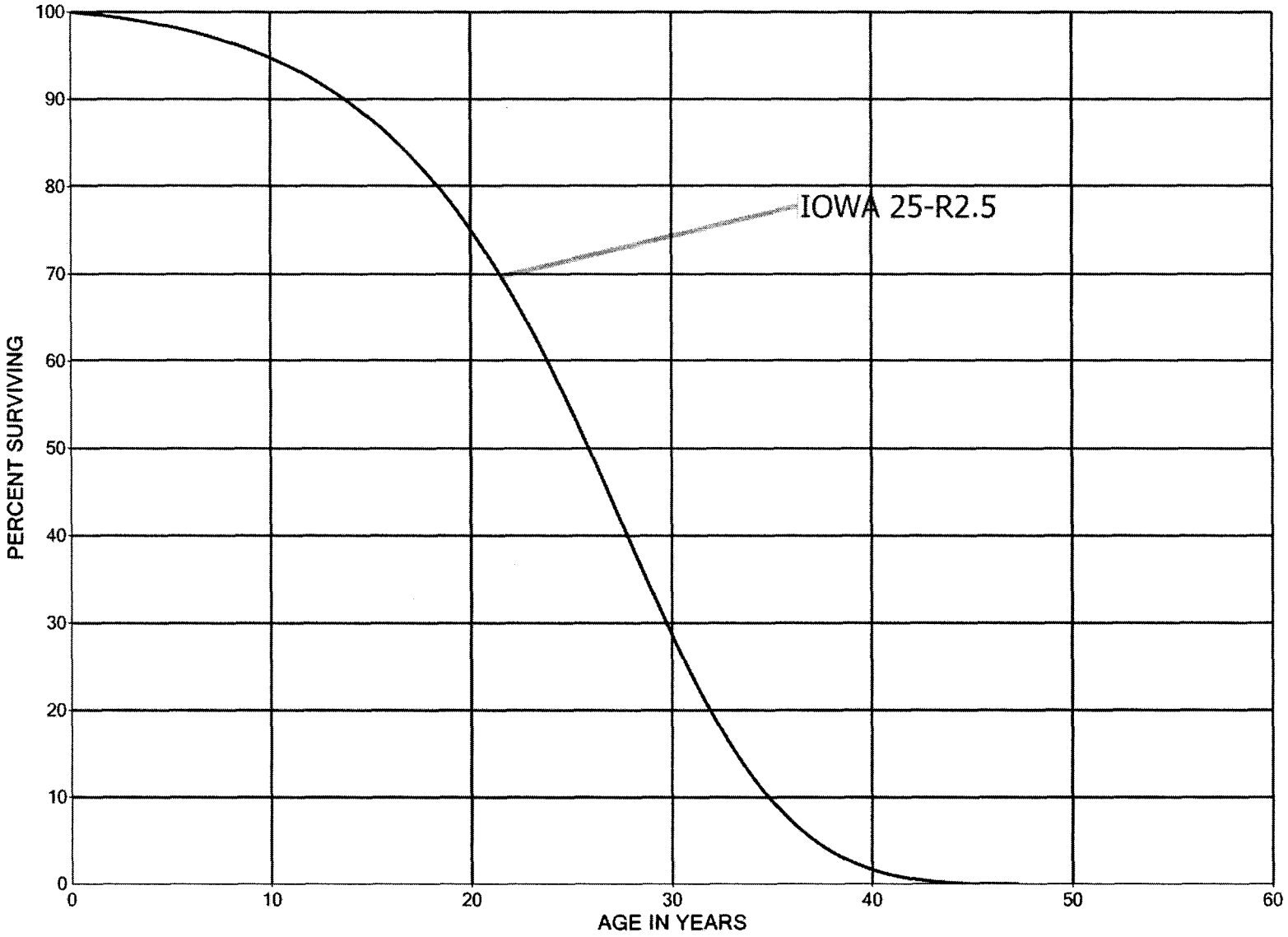
ACCOUNT 355.2 POWER GENERATION EQUIPMENT - COLLECTION

ORIGINAL LIFE TABLE

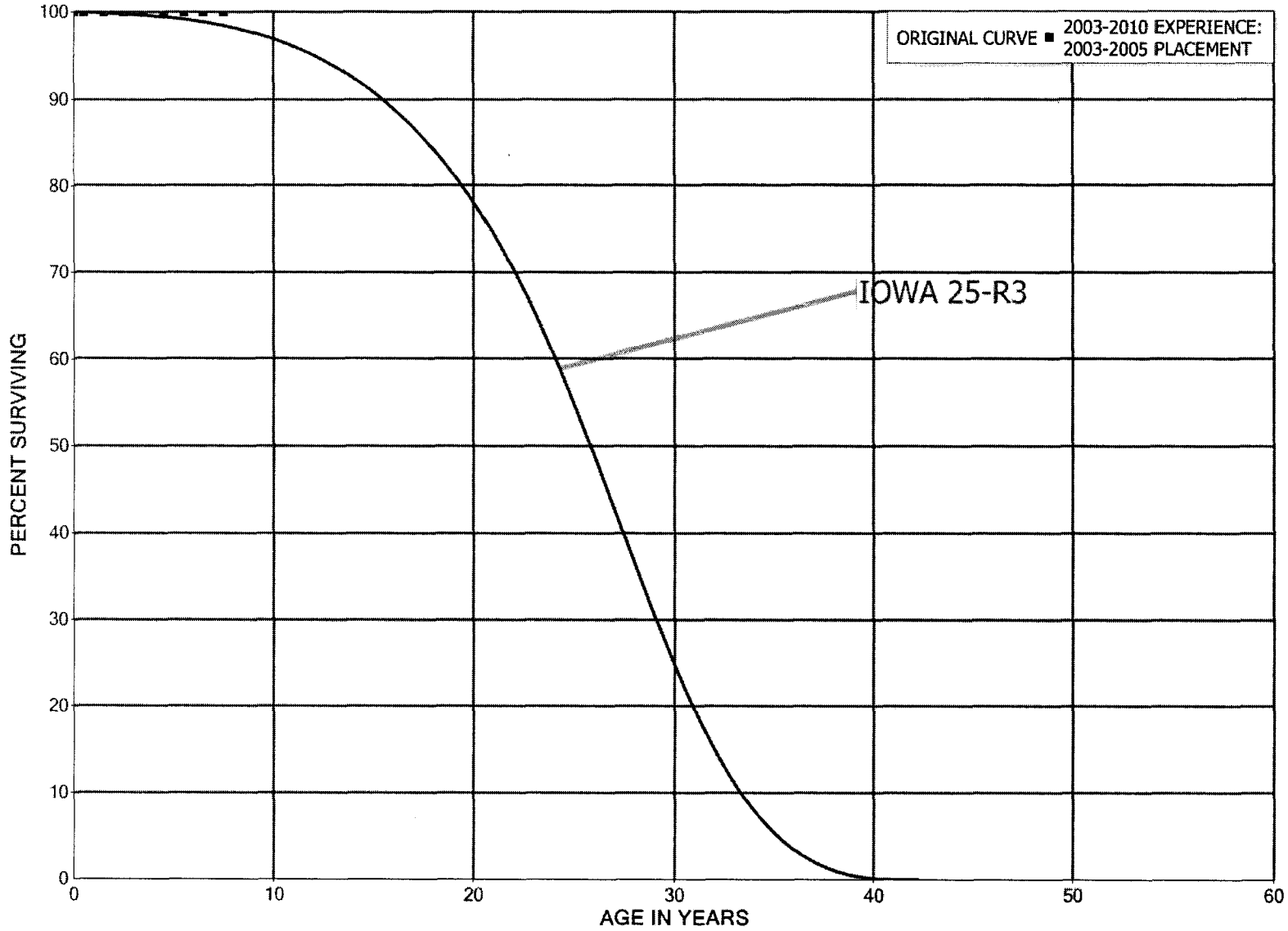
PLACEMENT BAND 2002-2003 EXPERIENCE BAND 2002-2010

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	51,675		0.0000	1.0000	100.00
0.5	51,675		0.0000	1.0000	100.00
1.5	51,675		0.0000	1.0000	100.00
2.5	51,675		0.0000	1.0000	100.00
3.5	51,675		0.0000	1.0000	100.00
4.5	51,675		0.0000	1.0000	100.00
5.5	55,116		0.0000	1.0000	100.00
6.5	51,675		0.0000	1.0000	100.00
7.5					100.00

AQUA TEXAS, INC.
ACCOUNT 355.4 POWER GENERATION EQUIPMENT - TRANSMISSION AND DISTRIBUTION PLANT
SMOOTH SURVIVOR CURVE



AQUA TEXAS, INC.
ACCOUNT 355.5 POWER GENERATION EQUIPMENT - RAW WATER TREATMENT
ORIGINAL AND SMOOTH SURVIVOR CURVES



AT-GRAY101021

AQUA TEXAS, INC.

ACCOUNT 355.5 POWER GENERATION EQUIPMENT - RAW WATER TREATMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 2003-2005 EXPERIENCE BAND 2003-2010

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	85,110		0.0000	1.0000	100.00
0.5	85,110		0.0000	1.0000	100.00
1.5	85,110		0.0000	1.0000	100.00
2.5	85,110		0.0000	1.0000	100.00
3.5	85,063		0.0000	1.0000	100.00
4.5	85,110		0.0000	1.0000	100.00
5.5	82,659		0.0000	1.0000	100.00
6.5	29,176		0.0000	1.0000	100.00
7.5					100.00

AQUA TEXAS, INC.
ACCOUNT 360.0 COLLECTION SEWERS - FORCE
ORIGINAL AND SMOOTH SURVIVOR CURVES