

ORIGINAL

Company Name: **TONTO VILLAGE WATER CO.** Test Year Ended:



Arizona Corporation Commission

DOCKETED

JAN - 7 2005

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Changes from the Amended Application

Page: Amended Application	Changes Made to the Amended Application
3-1	A section was added to describe the Company's plan to replace the water from Well #1 which went dry.
14	Plant item #334 was recalculated and totals updated.
15	Correction of Plant item #334 was copied to this page and totals updated.
21	Balance at End of Test Year column total was changed to reflect corrections from pages 14 and 15.
22	Corrections to page 21 carried forward to update Total Liabilities and Capital.

AZ CORP COMMISSION
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The rate increase approved in 1989 did not, at that time, meet the needs of the Company and the financial status of the Company has only gotten worse.

- [X] Anticipated growth/decline in customers expected in the next two years, the amount of anticipated construction to serve those customers, and how financed; the type of customers served by the utility, e.g. residential, irrigation, small retail businesses, large commercial, etc. Please explain:**

The customer hookups in the franchised area is almost sold out. There are very few lots remaining to be sold and, being surrounded by National Forest, no major future growth will occur. Because of the desirability of being able to summer in the mountains at approximately 5700 feet elevation, the need for water will not diminish in the near future but will increase in the next few years as the last remaining lots are developed. The Village is mostly residential in nature with a few commercial interests: some home-based businesses, a bar, a Church, and a Charter School. Well over half the population is seasonal in their presence in the Village but a substantial number of customers live here year round.

In May of 2004, the oldest well, which was drilled in 1957, went dry. Whether this is a result of depleting the aquifer or the result of the drought presently affecting Arizona, is not known but in the near future, either another well will be need to be drilled or the present dry well made deeper. Given the age of Well #2 (it was drilled in 1968) we are carefully watching it for signs of depletion. If Well #2 goes dry, the Village will be in a critical situation with only one working well and customers accustomed to consuming about 8.5 million gallons of water annually. There is no way Well #3 can provide all the water our customers are used to receiving; mandatory curtailment will be required.

- [X] Anticipated construction. Please explain:**

The Company recognizes the need for more above-ground storage and wants to add a 30,000 gallon tank to well-site #3. This site currently has a 10,000 gallon storage tank. Well #2 already has a 34,000 gallon storage tank. Cost estimates range between \$15,000 and \$20,000 for the new tank.

There is a need for a small amount of office space and room for warehouse and maintenance activities. The company wants to build a multipurpose building on the well #3 site because it is large enough to accommodate both an additional storage tank and a small building. Costs are anticipated to run approximately \$15,000 for a 1,000 square-foot building.

Given the regulatory changes that have been enacted in recent years, we anticipate that chlorination will be required for all of our active wells within the next two years. The cost is not known but is expected to run several thousand dollars for each well.

Because Well #1 went dry in June 2004, the Company plan is to drill a new well at well-site #2. This site is not impacted by the presence of nearby septic systems. The plan is to drill a well to at maximum depth of 700 feet, as recommended by hydrologists at the Arizona Department of Water Resources and the City of Payson Water Department, and make the well large enough that a pump of sufficient pumping capacity can be inserted which will allow the filling of the present on-site storage tank (32,000 gallons) in no more that 12 hours. This requires a pump able to deliver at least 45 gallons per minute. The cost of drilling, purchasing such a pump, and making the necessary connections for a new well will be about \$35,000 according to Aero Drilling in Payson. The cost includes drilling the well, a pump to deliver the desired amount of water, and an energy converter to provide 440 VAC 3-phase power for the pump.

Plant Summary

Acct. No.	Description	Plant in Service Per Prior Decision	Total Additions	Total Retirements	Test Year End Total
		<i>Column A</i>	<i>Column B</i>	<i>Column C</i>	<i>Column D*</i>
301	Organization	112.00	0.00	112.00	0.00
302	Franchises	0.00	0.00	0.00	0.00
303	Land & Land Rights	3,516.00	0.00	50.00	3,466.00
304	Structures & Improvements	2,091.00	2,049.00	1,076.00	3,064.00
307	Wells & Springs	6,460.00	4,661.49	0.00	11,121.49
311	Pumping Equipment	11,855.00	8,480.99	11,531.47	8,804.52
320	Water Treatment Equipment	698.00	2,125.42	43.00	2,780.42
320.1	Water Treatment Plants	0.00	0.00	0.00	0.00
320.2	Solution Chemical Feeders	0.00	0.00	0.00	0.00
330	Distribution Reservoirs & Standpipes	21,665.00	4,766.38	0.00	26,431.38
330.1	Storage Tanks	0.00	0.00	0.00	0.00
330.2	Pressure Tanks	0.00	0.00	0.00	0.00
331	Transmission & Distrib. Mains	46,114.00	490.14	503.00	46,101.14
333	Services	0.00	0.00	0.00	0.00
334	Meters & Meter Installations	6,284.00	5,364.69	4,048.68	7,600.01
335	Hydrants	0.00	0.00	0.00	0.00
336	Backflow Prevention Devices	0.00	0.00	0.00	0.00
339	Other Plant & Misc. Equipment	0.00	126.76	126.76	0.00
340	Office Furniture & Equipment	175.00	0.00	175.00	0.00
340.1	Computers & Software	0.00	2,079.63	0.00	2,079.63
341	Transportation Equipment	0.00	0.00	0.00	0.00
343	Tools, Shop & Garage Equip.	727.00	0.00	727.00	0.00
344	Laboratory Equipment	0.00	0.00	0.00	0.00
345	Power Operated Equipment	0.00	0.00	0.00	0.00
346	Communication Equipment	0.00	164.00	164.00	0.00
347	Miscellaneous Equipment	0.00	0.00	0.00	0.00
348	Other Tangible Plant	90.00	0.00	90.00	0.00
	TOTAL WATER PLANT	99,787.00	30,308.50	18,646.91	111,448.59

Note: Please refer to the checklist on page 1 for the required attachments related to this schedule

** Column D = Column A + Column B - Column C*

UTILITY PLANT IN SERVICE

Acct. No.	Description	Original Cost	Accumulated Depreciation	OCLD
		<i>Column A</i>	<i>Column B</i>	<i>Column C**</i>
301	Organization	0.00	0.00	0.00
302	Franchises	0.00	0.00	0.00
303	Land & Land Rights	3,466.00	N/A	3,466.00
304	Structures & Improvements	3,064.00	2,465.00	599.00
307	Wells & Springs	11,121.49	8,926.54	2,194.95
311	Pumping Equipment	8,804.52	661.00	8,143.52
320	Water Treatment Equipment	2,780.42	1,988.47	791.95
320.1	Water Treatment Plants	0.00	0.00	0.00
320.2	Solution Chemical Feeders	0.00	0.00	0.00
330	Distribution Reservoirs & Standpipes	26,431.38	22,527.48	3,903.90
330.1	Storage Tanks	0.00	0.00	0.00
330.2	Pressure Tanks	0.00	0.00	0.00
331	Transmission & Distrib. Mains	46,101.14	38,505.04	7,596.10
333	Services	0.00	0.00	0.00
334	Meters & Meter Installations	7,600.01	4,461.30	3,138.71
335	Hydrants	0.00	0.00	0.00
336	Backflow Prevention Devices	0.00	0.00	0.00
339	Other Plant & Misc. Equipment	0.00	0.00	0.00
340	Office Furniture & Equipment	0.00	0.00	0.00
340.1	Computers & Software	2,079.63	1,716.00	363.63
341	Transportation Equipment	0.00	0.00	0.00
343	Tools, Shop & Garage Equip.	0.00	0.00	0.00
344	Laboratory Equipment	0.00	0.00	0.00
345	Power Operated Equipment	0.00	0.00	0.00
346	Communication Equipment	0.00	0.00	0.00
347	Miscellaneous Equipment	0.00	0.00	0.00
348	Other Tangible Plant	0.00	0.00	0.00
	TOTAL WATER PLANT	111,450.59 *	81,250.83 *	30,197.76

* Must be the same as the amount reported on page 20

** Column C = Column A - Column B

BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF TEST YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 5,908.30	\$ 3,481.89
134	Working Funds		0.00
135	Temporary Cash Investments		0.00
141	Customer Accounts Receivable		0.00
146	Notes/Receivables from Associated Companies		0.00
151	Plant Material and Supplies		0.00
162	Prepayments		0.00
174	Miscellaneous Current and Accrued Assets		0.00
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 5,908.30	\$ 3,481.89
	FIXED ASSETS		
101	Utility Plant in Service	\$ 121,068.90	111,448.59 *
103	Property Held for Future Use		0.00
105	Construction Work in Progress		0.00
108	Accumulated Depreciation - Utility Plant ("AD-UP")	(93,902.65)	(81,250.83) **
121	Non-Utility Property		0.00
122	Accumulated Depreciation - Non Utility ("AD-NU")		0.00
	TOTAL FIXED ASSETS	\$ 27,166.25	\$ 30,197.76
	TOTAL ASSETS	\$ 33,074.55	\$ 33,679.65

Note. Total Assets on this page should equal the sum of Total Liabilities and Total Capital on page 22. Also, numbers in parentheses should be subtracted. For example, Accounts 108 and 122 should be subtracted from Total Fixed Assets.

** Must equal page 15, original cost*

*** Must equal page 15, accumulated depreciation*

BALANCE SHEET (CONTINUED)

	LIABILITIES	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF TEST YEAR
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 0	\$ 0
232	Notes Payable (Current Portion)	0	0
234	Notes/Accounts Payable to Associated Companies	0	0
235	Customer Deposits	1,247.40	1,445.58
236	Accrued Taxes	95.00	110.71
237	Accrued Interest	0	0
241	Miscellaneous Current and Accrued Liabilities	0	0
	TOTAL CURRENT LIABILITIES	\$ 1,342.40	\$ 1,556.29
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 0	\$ 0
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$ 0	\$ 0
252	Advances in Aid of Construction	2,435.63	4,468.75*
255	Accumulated Deferred Investment Tax Credits	0	0
271	Gross Contributions in Aid of Construction	0	0**
272	Less: Amortization of Contributions	0	0
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 2,435.63	\$ 4,468.75
	TOTAL LIABILITIES	\$ 3,778.03	\$ 6,025.04
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 54,922.80	\$ 54,922.80
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	(25,626.28)	(27,268.19)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 29,296.52	\$ 27,654.61
	TOTAL LIABILITIES AND CAPITAL	\$ 33,074.55	\$ 33,679.65

Note: Account 272 should be subtracted from Total Deferred Credits.

* Must equal page 24, Total Advances in Aid of Construction

** Must equal page 25, Total Advances