

ORIGINAL



0000009637

Lagoon Estates Water Company

JSDR

2600 NORTH 44th STREET, SUITE 203
PHOENIX, AZ 85008 -- 602 275 5402

September 1, 2004

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

AZ CORP COMMISSION
DOCUMENT CONTROL

2004 SEP - 9 1 P 2: 21

RECEIVED

RE: AMENDMENTS - LAGOON ESTATES WATER COMPANY -
APPLICATION FOR RATE INCREASE
DOCKET NO. W-01825A-04-0546

To Whom It May Concern:

Attached are amended and new pages, which correct the deficiencies, noted on the Letter of Deficiency issued on August 26, 2004.

Sincerely,

Stanley Miller
Controller

Arizona Corporation Commission
DOCKETED

SEP - 9 2004

DOCKETED BY	
-------------	--

ARIZONA CORPORATION COMMISSION



****AMENDED RATE APPLICATION **AMENDED**
FOR WATER COMPANIES
WITH ANNUAL GROSS OPERATING REVENUES
(INCLUDING REQUESTED RATE RELIEF)
OF LESS THAN \$250,000
PER ARIZONA ADMINISTRATIVE CODE R14-2-103
Details at website: www.cc.state.az.us

LAGOON ESTATES WATER COMPANY
UTILITY NAME

December 31, 2003
TEST YEAR ENDED

Required invoices to be submitted are listed in the checklist on page 1.

You must complete ALL items in the application according to the instructions provided. If you have any questions regarding the application, call the Chief of Accounting and Rates at (602) 542-0743 for Staff assistance or see our website at: www.cc.state.az.us

IN ORDER TO PROCESS YOUR APPLICATION
FORWARD THE ORIGINAL AND FIFTEEN COPIES OF THE
APPLICATION AND COVER SHEET PLUS THREE
PACKETS WITH COPIES OF
CHECKLIST ITEMS 5-11 (PAGE 1)
TO DOCKET CONTROL CENTER
1200 WEST WASHINGTON STREET
PHOENIX, ARIZONA 85007

Note: Please refer to the checklist on page 1 for the required attachments.

TABLE OF CONTENTS

WATER RATE APPLICATION CHECKLIST	1
GENERAL INSTRUCTIONS	2
NARRATIVE DESCRIPTION OF APPLICATION FOR RATE ADJUSTMENT.....	3
AFFILIATE RELATIONSHIP	5
STATEMENTS IN SUPPORT OF RATE REQUEST	6
CURRENT AND PROPOSED RATES AND CHARGES INSTRUCTIONS	8
CURRENT AND PROPOSED RATES AND CHARGES	9
SERVICE CHARGES INSTRUCTIONS.....	10
CURRENT AND PROPOSED SERVICE CHARGES.....	11
UTILITY PLANT IN SERVICE INSTRUCTIONS.....	12
PLANT ADDITIONS AND RETIREMENTS BY YEAR.....	13
PLANT SUMMARY.....	14
UTILITY PLANT IN SERVICE.....	15
WATER COMPANY PLANT DESCRIPTION.....	16
WATER COMPANY PLANT DESCRIPTION CONTINUED.....	17
WATER USE DATA SHEET	18
COMPARATIVE STATEMENT OF INCOME AND EXPENSE.....	19
CALCULATION OF DEPRECIATION EXPENSE.....	20
BALANCE SHEET	21
BALANCE SHEET (CONTINUED).....	22
ADVANCES IN AID OF CONSTRUCTION (ACCT. 252)	24
GROSS CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCT. 271)	25
BILL COUNT INSTRUCTIONS.....	26
BILL COUNT WORKSHEET 1 ST QUARTER.....	27
BILL COUNT WORKSHEET 2 ND QUARTER.....	28
BILL COUNT WORKSHEET 3 RD QUARTER.....	29
BILL COUNT WORKSHEET 4 TH QUARTER.....	30
BILL COUNT SUMMARY.....	31
CUSTOMER NOTIFICATION.....	32
APPENDIX: WATER COMPLIANCE AFFIDAVITS AND ADOR TAX CLEARANCE FORM	33

GENERAL INSTRUCTIONS

Processing the request for a rate adjustment requires completion of ALL PARTS of this application. Complete the Narrative Description of the Application for Rate Adjustment on pages 3 and 4, as well as the statements on pages 5 and 6. Read the accompanying instructions and fill in the entries on pages 9 through 31. Dollar amounts should be rounded to the nearest dollar. NO ENTRY SHOULD BE LEFT BLANK. If an amount is zero, enter a zero. **Any application that is found to be insufficient will not be processed until the deficiencies are corrected per A.A.C. R14-2-103.B.7.**

A completed application also **requires** notification of customers of the rate request. The format of the customer notification letter is provided on page 32 of this application. Use the language and form of this letter in notifying customers. The customer notification **must** be provided to customers on the same date as the rate application is filed. A copy of this notice, together with a **notarized** cover letter stating the method of customer notification and the date the notification was sent to the customers, **must** accompany the application form.

Please provide any supplementary information the Company believes will assist in the evaluation of the rate request. For example, if expense items are substantially different from the latest annual report filed with the Commission, or if significant plant additions have been made since the prior rate increase, attach supporting explanations for those changes to the application. Clearly label any attachments and staple them to the application.

Selection of a Test Year for the utility is an important part of the application. A Test Year older than the year reflected in the most current Annual Report filed with the Utilities Division is usually considered outdated. Questions regarding the selection of a Test Year should be addressed to the Chief of Accounting and Rates at (602) 542-0743.

Please contact the Arizona Department of Environmental Quality (and/or its authorized county agencies) and request a compliance status report. Submit a copy of this report as part of this filing. Please refer to the appendix of this application form.

Please contact the Arizona Department of Revenue and request a certificate of compliance letter of good standing regarding taxes. Submit a copy of this compliance certificate. Please refer to the appendix of this application form.

After you have included all the required items from the checklist on the previous page, please submit the **original and fifteen copies** of the completed application with a cover sheet to:

Docket Control Center
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Also, please include **three packets** with copies of checklist items 5-11 (see page 1) in your application filing with the Docket Control Center.

Narrative Description for Rate Increase

Lagoon Estates Water Company (LEWCO) has experienced an increase in operating expenses in the recent year. It is anticipated that there will be more expenses before the end of this year. With that in mind, we have come to the conclusion that we will not be able to operate our business without an increase in our rates.

LEWCO has a customer base of approximately 260 accounts. We service the only high school in Mohave Valley, along with the grocery store and several small retail businesses. Approximately 80% of our customers are residential. Due to our small customer base, we are able to keep our employees to a minimum and our expenses under control, but there will be some expenses that will need to be endured in order to keep in compliance the ADEQ. These expenses include water tests, employee education and training expenses for licenses needed to comply; increase salaries according to competing rates, and major maintenance on our plant and older pumps will also need to be scheduled.

It is also anticipated before the end of the year, that Unit 7 will continue to be developed and put a strain on our current resources and that investment will be made to keep apace with demand. We have also had to complete major repairs on the various wells that supply the community and this puts further strains on our meager cash in hand. The continuing maintenance on all other existing equipment is at a point where investment will be necessary to maintain our current standards and our goal is to pay for these expenses in cash.

The present rates have been in effect since 2000. Since that time the Company has experienced an increase in expenses and currently have one loan outstanding and may not be able to borrow more against the company. If we are to maintain the quality of service to our customers we feel these increases are necessary.

Our proposed rate increase will involve all of the factors discussed in this narrative, along with anticipated rising power costs.

NARRATIVE DESCRIPTION OF APPLICATION FOR RATE ADJUSTMENT

Instructions:

Please provide the reasons for your requested rate adjustment by checking the appropriate box(es) below. If desired, the Company may also attach a written narrative regarding its reasons for the requested rate adjustment. Your narrative may also include efforts made by the utility to control costs/expenses and/or mitigate the amount of rate adjustment.

- Changes in current, compared to past operations, that necessitate the rate adjustment
Please explain:

- Descriptions and/or calculations of adjustments made to amounts that are included in this application that are different than amounts recorded in your books/ledgers (pro forma adjustments)
Please explain:

- Significant factors influencing your revenues, expenses and/or rate base
Please explain:

- 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:

- Anticipated construction
Please explain:

Efforts made to encourage conservation of water through the proposed rate design or through other means
Please explain:

Other factors
Please explain:

Attach additional pages as necessary.

Company Name: LAGOON ESTATES WATER COMPANY	Test Year Ended: DECEMBER 2003
-----------------------------------------------	-----------------------------------

AFFILIATE RELATIONSHIP

Please indicate a **yes** or **no** answer to the questions below and provide an explanation where necessary.

A parent-subsidary relationship, or affiliation, with another entity includes corporations, partnerships, sole proprietorship, limited liability corporations (LLCs), as well as common ownership of a water company and another entity, such as a development company or wastewater company.

Are any assets owned jointly with any affiliated or subsidiary entities?

YES NO

If **Yes**, please provide a description of each jointly owned asset, it's cost, and the percentage of the asset owned by the utility. (Please note the amounts reported on pages 13 and 15 should only include the percentage of plant owned by the utility.)

Were any of the assets constructed or acquired from an affiliated or subsidiary entity?

YES NO

If **Yes**, please identify the affiliated entity, the relationship with the utility, and a detailed listing of all transactions reflected in the Plant accounts. Also include detail for other balance sheet accounts, such as Advances, Contributions in Aid of Construction, inter-company payables and receivables, as well as affiliated revenues and expenses from the Company's Income Statement.

STATEMENTS IN SUPPORT OF RATE REQUEST

Complete the following statements in support of your rate request.

Lagoon Estates Water Company (the "Company") requests an adjustment in the existing rates charged by the Company. The information contained in this application is based upon a twelve-month Test Year ending 12/31/03 (mm/dd/yy). The Company had total operating revenues of \$ 106,914, served 266 metered and 0 un-metered

(from page 19)

customers, and sold 25,020,238 gallons of water during the Test Year.

(from page 18)

The Company is requesting a(n) increase/decrease in revenues in the amount of \$ 26,281.

Total annual operating revenues, if the Company is granted the rate adjustment, will be \$ 133,195.

The Company is current on all property taxes. [X] YES [] NO

The Company is current on all sales taxes. [X] YES [] NO
(Please use the form in the appendix and see checklist item 2 on page 1.)

The Company currently has a Curtailment Plan Tariff on file with the Commission [] YES [X] NO

The Company currently has a Backflow Prevention Tariff on file with the Commission [X] YES [] NO

The Company notified its customers of its application for a rate adjustment on 6/7/04 (mm/dd/yy). A COPY OF THE NOTICE WITH A NOTARIZED COVER LETTER STATING THE METHOD OF CUSTOMER NOTIFICATION, AS WELL AS THE DATE OF THE NOTIFICATION, MUST BE ATTACHED. (See page 32)

By completing this application in support of the Company's request for a rate adjustment, the Company realizes that Original Cost Less Depreciation ("OCLD") plant information will be used to determine the fair value rate base, i.e., the Company waives the right to Reconstruction Cost New.

The utility company ownership is one of the following:

- Sole Proprietorship
- Partnership
- "C" Corporation
- "S" Corporation
- Limited Liability Corporation ("LLC")
- Association--Cooperative
- Other, please specify: _____

Note: If a corporation, please list stockholders and the respective number of shares owned below.

Stockholders	Number of Shares Owned
Charles B Sherrill Senior Trust	1,000
Sherrill Family Trust O	1,000

I have read and completed this application, and to the best of my knowledge all of the information contained herein, and attached to this application, is true and correct.

Name of Authorized Representative (print): Stanley Miller	Company Name: Lagoon Estates Water Company
Title: Controller	Address: 2600 N. 44th St., #203
Signature: <i>SA Miller</i>	Phoenix, AZ 85008
Date: 9/3/04	Phone Number: 602-275-5402
E-mail Address: sherrillfarmsi@msn.com	Fax Number: 602-275-8742
Website Address: none	

CURRENT AND PROPOSED RATES AND CHARGES INSTRUCTIONS

Complete the schedules on pages 9 and 11 showing rates and charges currently in effect, and those proposed by the Company. Specify the customer class or classes (i.e., residential, commercial, industrial, irrigation, all, or other classes) in the space provided.

MONTHLY CHARGE:

Enter the monthly minimum (or service) charge and gallons included in the minimum for each meter size. For example, enter "\$12.00 for zero gallons." Propose a monthly minimum (or service) charge for every meter size listed on page 9. Also, enter the commodity (or excess) charge for the gallonage the customer will be charged for gallons used over those included in the minimum charge. For example, enter "\$1.25 per 1,000 gallons." If excess charges vary with gallonage used, enter the rates and gallons covered in each tier of consumption in the space provided. For example:

First Tier	Up to 3,000 gallons	\$1.00 per 1,000 gallons
Second Tier	3,001 to 10,000 gallons	\$1.50 per 1,000 gallons
Third Tier	Over 10,000 gallons	\$2.50 per 1,000 gallons

If a flat rate, rather than a metered rate, is currently approved or proposed, enter the monthly rate in the space provided. A "flat rate" is a charge that is not based on gallons used. (For example, \$10.00 for all the water you can use.) If the Company currently has a flat rate and wishes to continue this rate, please contact the Chief of Accounting and Rates at 602-542-0743. It is likely that Staff will not recommend the continuation of such a rate.

**Lagoon Estates Water Co.
Current and Proposed
Rates and Charges**

Customer Class: Residential & Non-Residential For Test year ending: 12/31/2003

MONTHLY CHARGE	CURRENT RATES	PROPOSED RATES
Minimum or Service Charges	\$ Gallons	\$ Gallons
5/8" x 3/4" Meter	\$12.25 for 0	\$16.00 for 0
3/4" Meter	\$18.50 for 0	\$25.00 for 0
1" Meter	\$30.00 for 0	\$40.00 for 0
1 1/2" Meter	\$61.00 for 0	\$80.00 for 0
2" Meter	\$98.00 for 0	\$127.00 for 0
3" Meter	\$185.00 for 0	\$240.00 for 0
4" Meter	\$305.00 for 0	\$400.00 for 0
6" Meter	\$612.00 for 0	\$800.00 for 0
8" Meter	\$708.75 for 0	\$925.00 for 0

Commodity Charge	\$ per Gallons	\$ per Gallons
0000 -1000 gallons	\$2.00 per 1000	\$3.00 per 1000
1000 - 6000 gallons	\$2.00 per 1000	\$3.00 per 1000
over 6000 gallons	\$2.00 per 1000	\$3.00 per 1000

Flat Rate	\$ per Gallons	\$ per Gallons

SERVICE CHARGES INSTRUCTIONS

Listed below are current and proposed service charges as appropriate. Commission Rules should be consulted in proposing new service charges. Please list current and proposed rates on Page 11, as well as any service charges not listed below that the Company proposes to charge.

Service Charge (Commission Rule)	Description
Service Line and Meter Installation Charge (R14-2-405.B)	A refundable Advance in Aid of Construction paid by a new customer to cover the cost of installing all customer piping up to the meter, as well as the cost of installing the meter. Propose a charge for every meter size listed on page 11.
Establishment (R14-2-403.D.1)	A charge covering the cost to establish a new account for a person requesting service when the utility needs only to install a meter for initial establishment, reestablishment, or reconnection.
Establishment (After Hours) (R14-2-403.D.2)	A charge covering the cost to establish a new account for a person requesting service during a period other than regular working hours.
Meter Test (R14-2-408.F)	A charge for testing the accuracy of a meter upon a customer's request. No charge will be levied if the meter is found to be in error by more than +/- three (3) percent.
Deposit (R14-2-403.B)	A refundable security deposit not exceeding two times the average residential class bill for residential customers, and not exceeding two and one-half times a non-residential customer's estimated maximum monthly bill.
Deposit Interest (R14-2-403.B.3)	Annual percentage interest rate applied to customer deposits. A six percent rate shall be applied if the company does not specify an interest rate with the Commission.
Re-establishment (R14-2-403.D.1)	A charge for service at the same location where the same customer had ordered a service disconnection within the preceding twelve-month period.
NSF Check (R14-2-409.F.1)	A fee for each instance where a customer tenders payment for utility service with an insufficient funds check.
Deferred Payment (R14-2-409.G.6)	Applicable monthly finance charges (interest rate) applied in a deferred payment agreement between the company and a customer.
Meter Re-read (R14-2-408.C.2)	Charge for a customer requested re-read of meter applicable when the original reading was found not to be in error.

**Lagoon Estates Water Co.
Current and Proposed
Rates and Charges**

Customer Class: Residential & Non-residential

Test Year ending: 12/31/2003

SERVICE CHARGES	CURRENT RATES	PROPOSED RATES
Service Line & Meter Install		
5/8" x 3/4" Meter	\$ 350.00	\$ 455.00
3/4" Meter	\$ 390.00	\$ 500.00
1" Meter	\$ 450.00	\$ 585.00
1 1/2" Meter	\$ 685.00	\$ 890.00
2" Meter	\$ 1,100.00	\$ 1,430.00
3" Meter	\$ 1,500.00	\$ 1,950.00
4" Meter	\$ 2,400.00	\$ 3,120.00
5" Meter	\$ -	
6" Meter	\$ 4,300.00	\$ 5,600.00
8" Meter	\$ 6,600.00	\$ 8,580.00
Establishment	\$ 30.00	\$ 40.00
Establishment (after hours)	\$ 45.00	\$ 60.00
Reconnection (Delinquent)	\$ 35.00	\$ 45.00
Meter Test	\$ 30.00	\$ 40.00
Deposit	per rule	per rule
Deposit Interest	per rule	per rule
Reestablishment (within 12 months)	months off the system times the minimum	same
NSF Check	\$ 20.00	\$ 25.00
Deferred Payment	1.50% per mo	1.5% per month
Meter Re-read	\$ 18.00	\$ 23.00

UTILITY PLANT IN SERVICE INSTRUCTIONS

Instructions for Page 13

Begin the computation of utility plant in service by completing the worksheet on page 13 labeled Plant Additions and Retirements by Year. On this worksheet insert the dollar amount of plant additions and retirements for each account by year. Provide all additions and retirements for all years beginning with the Test Year in the prior rate case and ending with the test year used in this application. If there are more than two intervening years, make copies of page 13 to report all intervening years.

Instructions for Page 14

Upon completion of the above task, please add all additions on page 13 per plant account and enter the total on page 14 (Plant Summary), column B (Total Additions). Similarly, add all retirements by plant account and enter the total on page 14, column C (Total Retirements).

To assist you in the completion of page 14, please refer to the Commission Decision issued in the Company's prior rate case. That Decision established the value for the Original Cost of the plant and accumulated depreciation at the end of the prior test year. It may be necessary to refer to the associated Staff Report for individual account detail relating to the totals listed in the Decision.

Place the original cost of the plant in service per the prior decision in column A (Plant in Service Per Prior Decision).

Complete column D (Test Year End Total), of page 14, for each plant account by adding column A and B and subtracting column C.

The totals calculated by plant must then be copied to page 15 (Utility Plant in Service), in the column titled Original Cost.

Instructions for Page 15

The Test Year End Totals by plant account on page 14 must be recorded to the Utility Plant in Service worksheet on page 15, in the column titled Original Cost. The second column (Accumulated Depreciation) will include the accumulated depreciation as stated in the Commission's prior Decision plus each year's depreciation expense since the prior Test Year. The third column, Original Cost Less Depreciation is calculated by subtracting Accumulated Depreciation from Original Cost for each account.

Note: For assistance with any of the above, please contact the Chief of Accounting and Rates at 602-542-0743.

Acct. No	Original Cost	1999	2000	2001	2002	Test Year 2003	TOTAL
301	Organization Cost						
302	Franchise Cost						
303	Land and Land Rights	\$ 28,262					\$ 28,262
304	Structures and Improvements	\$ 34,489					\$ 34,489
307	Wells and Springs	\$ 76,079					\$ 76,079
311	Electric Pumping Equipment	\$ 62,110					\$ 62,110
320	Water Treatment Equipment	\$ 3,181	\$ 9,161	\$ 800	\$ 2,325	\$ -	\$ 15,467
330	Distribution Reservoirs & Standpipe	\$ 47,125					\$ 47,125
331	Transmission and Distribution Mains	\$ 171,389					\$ 171,389
333	Services						\$ -
334	Meters	\$ 32,178	\$ 323	\$ 278	\$ 619		\$ 33,398
335	Hydrants	\$ 448					\$ 448
336	Back Flow Preventors	\$ -	775				\$ 775
339	Other Plant & Misc Equipment	\$ -					\$ -
340	Office furniture and Fixtures	\$ 6,124		\$ 2,600			\$ 8,724
341	Transportation Equipment		\$ 7,429				\$ 7,429
343	Tools and Work Equipment						\$ -
344	Laboratory Equipment						\$ -
345	Power Operated Equipment						\$ -
346	Communications Equipment						\$ -
347	Miscellaneous Equipment						\$ -
348	Other Tangible Plant						\$ -
		\$ 461,386	\$ 17,688	\$ 3,678	\$ 2,943	\$ -	\$ 485,695

Acct. No		Original Cost	Accum. Depr.	OCLD
301	Organization Cost			
302	Franchise Cost			
303	Land and Land Rights	\$28,262		\$28,262
304	Structures and Improvements	\$34,489	\$21,443	\$13,821
307	Wells and Springs	\$76,079	\$35,631	\$40,448
311	Electric Pumping Equipment	\$62,111	\$46,822	\$15,288
320	Water Treatment Equipment	\$15,467	\$4,913	\$10,554
330	Distribution Reservoirs & Standpipe	\$47,124	\$45,933	\$1,191
331	Transmission and Distribution Mains	\$171,389	\$133,164	\$38,225
333	Services			\$0
334	Meters	\$33,399	\$21,305	\$12,094
335	Hydrants	\$448	\$448	\$0
336	Back Flow Preventors	\$775	\$125	\$650
339	Other Plant & Misc. Equipment			\$0
340	Office furniture and Fixtures	\$8,724	\$6,587	\$2,137
341	Transportation Equipment	\$7,429	\$1,200	\$6,229
343	Tools and Work Equipment			\$0
344	Laboratory Equipment			\$0
345	Power Operated Equipment			\$0
346	Communications Equipment			\$0
347	Miscellaneous Equipment			\$0
348	Other Tangible Plant			\$0
				\$0
	Total Water Plant	\$485,696	\$317,446	\$168,249

Acct. No		Original Cost	Depreciation Percentage	Depreciation Expense
301	Organization Cost			
302	Franchise Cost			
303	Land and Land Rights	\$28,262		
304	Structures and Improvements	\$34,489	3.23%	1,114
307	Wells and Springs	\$76,079	3.23%	2,457
311	Electric Pumping Equipment	\$62,111	3.23%	2,006
320	Water Treatment Equipment	\$15,467	3.23%	500
330	Distribution Reservoirs & Standpipe	\$47,124	3.23%	1,522
331	Transmission and Distribution Mains	\$171,389	3.23%	5,536
333	Services		3.23%	0
334	Meters	\$33,399	3.23%	1,079
335	Hydrants	\$448	3.23%	14
336	Back Flow Preventors	\$775	3.23%	25
339	Oth. Plant & Misc Equip		3.23%	0
340	Office furniture and Fixtures	\$8,724	3.23%	282
341	Transportation Equipment	\$7,429	3.23%	240
343	Tools and Work Equipment		3.23%	0
344	Laboratory Equipment		3.23%	0
345	Power Operated Equipment		3.23%	0
346	Communications Equipment		3.23%	0
347	Miscellaneous Equipment		3.23%	0
348	Other Tangible Plant		3.23%	0
	Total Water Plant	\$485,696		14,775

WELLS

ADWR ID	Pump Horsepwr	Pump Yield	Casing Size	Casing Depth	Meter Size
55-536722	40 turbine	1500	16" pvc	270'	8" McGrometer
55-618835	7.5 (500gpm)	3.5 (90gpm)	12" steel	175'	4" Precision
55-618836	7.5	300	8" steel	180'	3" Precision
55-618837	5	300	8" steel	210'	3" Precision

OTHER WATER SOURCES

Name	Capacity	Gallons purchased or obtained

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (THOUS) = **25228762**

Booster Pumps	
Horsepower	Quantity
	N/A

Storage Tanks	
Capacity	Quantity
	N/A

Pressure Tanks	
Capacity	Quantity
5000	4
(With air release glass, pressure	valves sight gougues, etc)

Treatment Equipment:
4 Electric metering pumps, V-100 Wallace and Ernan gas chlorination system.
250 lb cyl. Scale Booster pump and motor.

WATER USE DATA SHEET**LAGOON ESTATES WATER COMPANY****ADEQ PUBLIC WATER SYSTEM NUMBER: 08021**

MONTH/YEAR	# OF CUSTOMERS	GALLONS SOLD	GALLONS PUMPED
Jan-03	214	1387734	1391700
Feb-03	215	1555508	1561200
Mar-03	215	1279810	1271500
Apr-03	215	1296950	1305200
May-03	215	1382576	1411700
Jun-03	218	2348340	2350700
Jul-03	219	2507820	2523900
Aug-03	217	2429608	2470602
Sep-03	222	2152288	2187800
Oct-03	215	1959728	1975100
Nov-03	222	1929625	1942220
Dec-03	226	1626781	1653300
TOTAL	N/A	21856768	22044922

WATER USE DATA SHEET
LAGOON ESTATES WATER COMPANY
ADEQ PUBLIC WATER SYSTEM NUMBER: 08046

MONTH/YEAR	# OF CUSTOMERS	GALLONS SOLD	GALLONS PUMPED
Jan-03	41	132,910	133,100
Feb-03	40	276,150	277,100
Mar-03	40	201,350	204,600
Apr-03	40	301,660	303,500
May-03	40	218,330	220,100
Jun-03	40	391,800	392,700
Jul-03	40	361,040	361,300
Aug-03	40	365,720	366,200
Sep-03	40	280,890	286,120
Oct-03	38	212,340	213,700
Nov-03	39	203,920	206,200
Dec-03	40	217,360	219,220
TOTAL	N/A	3,163,470	3,183,840

Difference in the amount pumped and amount billed

We have had various activities this year that have used the water that was not billed, this includes the following:

- a. Flushing of the system.
- b. Backflow cleaning
- c. Irrigation of local youth sports fields – of which there was no charge made
- d. Mains leak – including a major leak to Unit 7 where major repairs to the well had to be carried out.
- e. Lose of meter reading where the meter had become stuck and only through a couple of months was the error found, requiring the meter to be removed and replaced.
- f. Replacement of the meters at the well sites – though this does not show up until the year 2004

Mains		
Size	Material	Length (feet)
2"		
3"		
4"	PVC	15581
5"		
6"	PVC	10160
8"	ACP 342	PVC 1829
10"	PVC (C900)	1833
12"		

Meters	
Size	Quantity
5/8 x 3/4 "	310
3/4"	
1"	3
1-1/2 "	
2"	2
Turbo 8"	1

Fire Hydrants	
Standard	Other
15	5

Structures (buildings, fences, etc.):
1300 running x 6ft 9 gauge cyclone fencing, barbed wire, with locked gates and vehicle entry gates
8x8 utility shed, 3 power poles, 41 yards of concrete slabbing, 2 furnas control panels, 1 dual control panel; 1 furnas switch box. 1 franklin switch box received from Gilbert Pump - 1 Catter-Hammer
Electric panel and control box, 1 Oman transfer switch box.

Other (laboratory equipment, tools, vehicles, power generators, etc):
Natural gas fired Onan generator, Dayton 3/4 hp air compressor, 2 GE
3/4 hp air compressors, singer gas meter, 1 biodegradable oil tank with stand. 1 Sensus 8/2"
bypass cmpt fire line meter.

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
5/8 X 3/4												
# OF CONNECTIONS	250	250	250	250	250	250	253	254	252	257	258	261
TOTAL GALLONS SOLD	1,188,854	1,599,108	1,312,830	1,309,000	1,453,856	2,565,670	2,513,190	2,417,618	1,994,188	1,699,288	1,601,635	1,542,421
8"												
# OF CONNECTIONS	1	1	1	1	1	1	1	1	1	1	1	1
TOTAL GALLONS SOLD	84,300	3,400	1,900	68,400	20,000	11,000	13,000	19,000	105,000	152,000	245,000	84,000
2"												
# OF CONNECTIONS	1	1	1	1	1	1	1	1	1	1	1	1
TOTAL GALLONS SOLD	225,200	195,900	140,800	191,100	107,800	129,800	289,400	269,100	263,200	264,000	240,000	202,000
1"												
# OF CONNECTIONS	3	3	3	3	3	3	3	3	3	3	3	3
TOTAL GALLONS SOLD	22,290	33,250	25,630	30,110	19,250	33,670	53,270	89,610	70,790	56,780	46,910	15,720
	1,520,644	1,831,658	1,481,160	1,598,610	1,600,906	2,740,140	2,868,860	2,795,328	2,433,178	2,172,068	2,133,545	1,844,141
												25,020,238

Is the water utility located in an ADWR Active Management Area ("AMA")?

Yes No

Does the Company have and ADWR gallons per capita day ("GPCD") requirements?

Yes No

If Yes, please provide the GPCD amount: _____

		Prior Year	Adjustments	Test Year	Adj. Test Year
Operating Revenues					
461	Metered water sales	\$97,847		\$96,142	
460	Other water sales	\$1,190		\$770	
471	Other operating revenue	\$9,033		\$10,002	
	Total Operating Revenue	\$108,070		\$106,914	
Operating Expenses					
601	Salaries & Wages	\$32,815		\$35,082	
610	Purchased Water				
615	Purchased pumping power	\$6,516		\$7,916	
618	Water treatment	\$2,360		\$518	
620	Repairs & Maintenance	\$7,730		\$6,496	
621	Office supplies & expense	\$3,660		\$2,450	
630	Outside services	\$1,800		\$848	
635	Water Testing	\$1,888		\$1,870	
641	Rents	\$0		\$158	
650	Transportation Expense	\$3,091		\$2,440	
655	General insurance	\$1,184		\$6,918	
658	Health & Life Insurance				
675	Miscellaneous operating expense	\$11,892		\$10,275	
403	Depreciation	\$14,761		\$14,761	
480	Other taxes	\$2,848		\$3,040	
408.11	Property tax	\$8,508		\$7,628	
409	Income tax				
	Total Operating Expense	\$99,053		\$100,400	
	Operating Income (Loss)	\$9,017		\$6,514	
Other Income/Expense					
419	Interest income				
421	Other income				
426	Other Expense				
427	Interest Expense	\$4,153		\$2,979	
	Total Other Income/Expense	\$4,153		\$2,979	
	Net Income (Loss)	\$4,864		\$3,535	

Acct. No		Original Cost	Depreciation Percentage	Depreciation Expense
301	Organization Cost			
302	Franchise Cost			
303	Land and Land Rights	\$28,262		
304	Structures and Improvements	\$35,264	3.23%	1,139
307	Wells and Springs	\$76,079	3.23%	2,457
311	Electric Pumping Equipment	\$62,111	3.23%	2,006
320	Water Treatment Equipment	\$15,467	3.23%	500
330	Distribution Reservoirs & Standpipe	\$47,124	3.23%	1,522
331	Transmission and Distribution Mains	\$171,389	3.23%	5,536
333	Services		3.23%	0
334	Meters	\$33,399	3.23%	1,079
335	Hydrants	\$448	3.23%	14
339	Plant Structures and Improvements		3.23%	0
340	Office furniture and Fixtures	\$8,724	3.23%	282
341	Transportation Equipment	\$7,429	3.23%	240
343	Tools and Work Equipment		3.23%	0
344	Laboratory Equipment		3.23%	0
345	Power Operated Equipment		3.23%	0
346	Communications Equipment		3.23%	0
347	Miscellaneous Equipment		3.23%	0
348	Other Tangible Plant		3.23%	0
	Total Water Plant	\$485,696		14,775

Assets		Beginning Balance	Ending Balance
Current and Accrued Assets			
131	Cash & Working Funds	\$5,139	\$5,192
132	Temporary Investments		
141	Customer Accounts Receivable		
151	Materials & Supplies Inventory		
174	Other Current & Accrued Assets		
	Total Current & Accrued Assets	\$5,139	\$5,192
Fixed Assets			
101	Utility Plant	\$485,696	\$485,696
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciated	\$302,686	\$317,446
	Total Fixed Assets	\$183,010	\$168,250
	Total Assets	\$188,149	\$173,442

Liabilities		Beginning Balance	Ending Balance
Current Liabilities			
231	Accounts Payable	\$520	\$143
232	Notes Payable (current portion)	\$38,674	\$19,681
235	Customer Security Deposits	\$7,712	\$9,326
236	Accrued Taxes		
237	Accrued Interest		
241	Other Current & Accrued Liabilities		
Total Current Liabilities		\$46,906	\$29,150
Long-Term Debt (over 12 months)			
224	Long-Term Notes & Bonds	\$28,000	\$28,000
Deferred Credits			
252	Advances in Aid of Construction	\$11,106	\$10,826
255	Accumulated Deferred ITC		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
282	Accumulated Deferred Income Tax		
Total Deferred Credits			
Total Liabilities		\$86,012	\$67,976
Capital Account			
201	Common Stock	\$75,214	\$75,214
211	Paid in Capital	\$101,471	\$101,471
215	Retained Earnings	(\$74,548)	(\$71,219)
218	Proprietary Capital		
Total Capital Accounts		\$102,137	\$105,466
Total Liabilities & Capital		\$188,149	\$173,442

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt¹

	LOAN #1*	LOAN #2*	LOAN #3*	LOAN #4*
Date Issued	12/05/95			
Source of Loan				
Reason for Loan	Purchase Land			
Dollar Amount Issued	\$ 28,000	\$	\$	\$
Net Proceeds	\$ 28,000	\$	\$	\$
Amount Outstanding	\$ 28,000	\$	\$	\$
Date of Maturity	01/01/04			
Interest Rate	8.0%			
Current Year Interest	\$	\$	\$	\$
Current Year Principal	\$	\$	\$	\$
Authority Granted By ACC Decision No.				

A.R.S. 40-301 requires ACC approval of long-term debt. If the Commission has not approved any of the above loans, then please submit an application requesting approval of the above loans.

Meter Deposit Balance – Test Year

\$ 10,826.00

Meter Deposits Refunded During the Test Year

\$ NONE

¹ List all bonds, notes, loans, and other types of indebtedness in which the proceeds were used in the provision of public utility service. Indebtedness incurred for personal uses by the owner of the utility should not be listed.

BILL COUNT INSTRUCTIONS

A quarterly Bill Count must be provided for each of the meter sizes the Company had in service during the Test Year. If you had more than one meter size in service, reproduce the forms on pages 27 through 31, inclusive, so that you will submit one set of Bill Count forms (i.e. one Bill Count for each quarter and a Bill Count Summary), for each meter size. An item such as a metered standpipe would be considered to be a different size meter, since it may have a different tariff rate than the other size meters.

A Bill Count Summary sheet is provided on page 31. Please note that each bill over 100,000 gallons should be shown separately. The number of bills in each line will be added to produce a total of all bills at the bottom of the page.

The first step in producing the Bill Count is to collect all monthly bills rendered for metered water sales during the 12 months of the Test Year. The collection of bills must include bills to part-time customers and to customers who are no longer on the system, but who were on the system for any part of the Test Year.

Only include bills for water sold during the Test Year. For example, assume that the Test Year runs from January 1st to December 31st (calendar year) and you normally bill on January 5th. The bill sent out at that time would cover December 1st through 31st usage of the prior year and should not be included. The first billing to be used for the year would be the February 5th billing and the last billing to be used would be the billing of January 5th of the succeeding year.

Sort the bills by each quarter, by meter size, so that a separate bill count is produced for each three-month period by meter size. On each quarterly Bill Count sheet, place a tally for each bill in the appropriate gallonage range. After tallying each bill, add the tallies in each gallonage range and report the tally totals in the column provided.

Note: For explanation of any of the above, please contact the Chief of Accounting and Rates at 602-542-0743.

GALLONAGE	MID POINT	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	
0-0	0	47	56	60	71	234	
1-1000	500	70	46	47	55	218	109000
1001-2000	1500.5	64	68	47	56	235	352617.5
2001-3000	2500.5	76	55	49	65	245	612622.5
3001-4000	3500.5	77	58	48	54	237	829618.5
4001-5000	4500.5	86	52	48	76	262	1179131
5001-6000	5500.5	67	46	49	60	222	1221111
6001-7000	6500.5	65	52	45	59	221	1436611
7001-8000	7500.5	43	36	34	45	158	1185079
8001-9000	8500.5	33	34	36	45	148	1258074
9001-10000	9500.5	24	48	39	42	153	1453577
10001-12000	11000.5	41	45	52	53	191	2101096
12001-14000	13000.5	25	40	50	40	155	2015078
14001-16000	15000.5	12	26	45	21	104	1560052
16001-18000	17000.5	6	25	29	7	67	1139034
18001-20000	19000.5	6	20	18	8	52	988026
20001-25000	22500.5	4	14	29	3	50	1125025
25001-30000	27500.5	2	17	16	3	38	1045019
30001-35000	32500.5	0	3	6	3	12	390006
35001-40000	37500.5	0	2	4	1	7	262503.5
40001-50000	45000.5	2	4	8	1	15	675007.5
50001-60000	55000.5	0	5	2	3	10	550005
60001-70000	65000.5	0	1	2	0	3	195001.5
70001-80000	75000.5	0	0	0	0	0	0
80001-90000	85000.5	0	0	0	0	0	0
90001-100000	95000.5	0	0	0	0	0	0
OVER 100,000		0	0	0	0	0	0
		750	753	763	771	3037	21683293

		# BILLS	M.GALS.	CUMUL	CUMUL
GALLONAGE	MID POINT	BY BLOCK	BY BLOCK	# BILLS	M. GALS
0-0	0	234	0	234	0
1-1000	500	218	109000	452	109000
1001-2000	1500.5	235	352617.5	687	461617.5
2001-3000	2500.5	245	612622.5	932	1074240
3001-4000	3500.5	237	829618.5	1169	1903858.5
4001-5000	4500.5	262	1179131	1431	3082989.5
5001-6000	5500.5	222	1221111	1653	4304100.5
6001-7000	6500.5	221	1436610.5	1874	5740711
7001-8000	7500.5	158	1185079	2032	6925790
8001-9000	8500.5	148	1258074	2180	8183864
9001-10000	9500.5	153	1453576.5	2333	9637440.5
10001-12000	11000.5	191	2101095.5	2524	11738536
12001-12000	13000.5	155	2015077.5	2679	13753613.5
12001-14000	15000.5	104	1560052	2783	15313665.5
14001-16000	17000.5	67	1139033.5	2850	16452699
16001-18000	19000.5	52	988026	2902	17440725
20001-25000	22500.5	50	1125025	2952	18565750
25001-30000	27500.5	38	1045019	2990	19610769
30001-35000	32500.5	12	390006	3002	20000775
35001-40000	37500.5	7	262503.5	3009	20263278.5
40001-50000	45000.5	15	675007.5	3024	20938286
50001-60000	55000.5	10	550005	3034	21488291
60001-70000	65000.5	3	195001.5	3037	21683292.5
70001-80000	75000.5	0	0	3037	21683292.5
80001-90000	85000.5	0	0	3037	21683292.5
90001-100000	95000.5	0	0	3037	21683292.5
OVER 100,000					
TOTAL 5/8 X 3/4"		3037	21683293	3037	21683293

BILL COUNT 1" METER

GALLONAGE	MID POINT	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	
0-0	0						
1-1000	500	2	0	0	0	2	1000
1001-2000	1500.5	1	1	2	1	5	7502.5
2001-3000	2500.5	0	1	0	1	2	5001
3001-4000	3500.5	0	0	0	1	1	3500.5
4001-5000	4500.5	0	1	1	1	3	13501.5
5001-6000	5500.5	0	1	0	0	1	5500.5
6001-7000	6500.5	0	0	0	0	0	0
7001-8000	7500.5	1	0	0	1	2	15001
8001-9000	8500.5	1	1	0	0	2	17001
9001-10000	9500.5	0	1	0	0	1	9500.5
10001-12000	11000.5	1	1	1	0	3	33001.5
12001-14000	13000.5	0	0	0	0	0	0
14001-16000	15000.5	2	0	0	0	2	30001
16001-18000	17000.5	0	0	0	0	0	0
18001-20000	19000.5	0	1	0	1	2	38001
20001-25000	22500.5	1	1	0	1	3	67501.5
25001-30000	27500.5	0	0	1	1	2	55001
30001-35000	32500.5	0	0	0	1	1	32500.5
35001-40000	37500.5	0	0	1	0	1	37500.5
40001-50000	45000.5	0	0	3	0	3	135001.5
50001-60000	55000.5	0	0	0	0	0	0
60001-70000	65000.5	0	0	0	0	0	0
70001-80000	75000.5	0	0	0	0	0	0
80001-90000	85000.5	0	0	0	0	0	0
90001-100000	95000.5	0	0	0	0	0	0
OVER 100,000		0	0	0	0	0	0
TOTAL BILLS		9	9	9	9	36	506017

GALLON USAGE 1" METER

GALLONAGE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
0-1000	1	1										
1001-2000			1	1				1	1	1		
2001-3000					1						1	
3001-4000						1	1					1
4001-5000					1							1
5001-6000												
6001-7000												
7001-8000	1											1
8001-9000			1	1								
9001-10000						1						
10001-12000		1			1		1					
12001-14000												
14001-16000	1		1									
16001-18000												
18001-20000						1					1	
20001-25000		1		1					1	1		
25001-30000									1		1	
30001-35000										1		
35001-40000							1					
40001-50000								2	1			
50001-60000												
60001-70000												
70001-80000												
80001-90000												
90001-100000												
OVER 100,000												
Total	3											

BILL COUNT PROOF 1" METER

GALLONAGE	MID POINT	# BILLS BY BLOCK	M.GALS. BY BLOCK	CUMUL # BILLS	CUMUL M. GALS
0-0	0	0	0		0
1-1000	500	2	1000	2	1000
1001-2000	1500.5	5	7502.5	7	8502.5
2001-3000	2500.5	2	5001	9	13503.5
3001-4000	3500.5	1	3500.5	10	17004
4001-5000	4500.5	3	13501.5	13	30505.5
5001-6000	5500.5	1	5500.5	14	36006
6001-7000	6500.5	0	0	14	36006
7001-8000	7500.5	2	15001	16	51007
8001-9000	8500.5	2	17001	18	68008
9001-10000	9500.5	1	9500.5	19	77508.5
10001-12000	11000.5	3	33001.5	22	110510
12001-12000	13000.5	0	0	22	110510
12001-14000	15000.5	2	30001	24	140511
14001-16000	17000.5	0	0	24	140511
16001-18000	19000.5	2	38001	26	178512
20001-25000	22500.5	3	67501.5	29	246013.5
25001-30000	27500.5	2	55001	31	301014.5
30001-35000	32500.5	1	32500.5	32	333515
35001-40000	37500.5	1	37500.5	33	371015.5
40001-50000	45000.5	3	135001.5	36	506017
50001-60000	55000.5	0	0	36	506017
60001-70000	65000.5	0	0	36	506017
70001-80000	75000.5	0	0	36	506017
80001-90000	85000.5	0	0	36	506017
90001-100000	95000.5	0	0	36	506017
OVER 100,000		0			
TOTAL 1" METER		36	506017	36	506017

BILL COUNT 2" METER

GALLONAGE	MID POINT	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	
0-0	0						
1-1000	500	0	0	0	0	0	0
1001-2000	1500.5	0	0	0	0	0	0
2001-3000	2500.5	0	0	0	0	0	0
3001-4000	3500.5	0	0	0	0	0	0
4001-5000	4500.5	0	0	0	0	0	0
5001-6000	5500.5	0	0	0	0	0	0
6001-7000	6500.5	0	0	0	0	0	0
7001-8000	7500.5	0	0	0	0	0	0
8001-9000	8500.5	0	0	0	0	0	0
9001-10000	9500.5	0	0	0	0	0	0
10001-12000	11000.5	0	0	0	0	0	0
12001-14000	13000.5	0	0	0	0	0	0
14001-16000	15000.5	0	0	0	0	0	0
16001-18000	17000.5	0	0	0	0	0	0
18001-20000	19000.5	0	0	0	0	0	0
20001-25000	22500.5	0	0	0	0	0	0
25001-30000	27500.5	0	0	0	0	0	0
30001-35000	32500.5	0	0	0	0	0	0
35001-40000	37500.5	0	0	0	0	0	0
40001-50000	45000.5	0	0	0	0	0	0
50001-60000	55000.5	0	0	0	0	0	0
60001-70000	65000.5	0	0	0	0	0	0
70001-80000	75000.5	0	0	0	0	0	0
80001-90000	85000.5	0	0	0	0	0	0
90001-100000	95000.5	0	0	0	0	0	0
OVER 100,000		3	3	3	3	12	0
GALLONS OVER 100,000		561,900	428,700	821,700	706,000	2,518,300	
TOTAL BILLS		3	3	3	3	12	

BILL COUNT PROOF 2" METER

		# BILLS	M.GALS.	CUMUL	CUMUL
GALLONAGE	MID POINT	BY BLOCK	BY BLOCK	# BILLS	M. GALS
0-0	0	0	0		0
1-1000	500	0	0	0	0
1001-2000	1500.5	0	0	0	0
2001-3000	2500.5	0	0	0	0
3001-4000	3500.5	0	0	0	0
4001-5000	4500.5	0	0	0	0
5001-6000	5500.5	0	0	0	0
6001-7000	6500.5	0	0	0	0
7001-8000	7500.5	0	0	0	0
8001-9000	8500.5	0	0	0	0
9001-10000	9500.5	0	0	0	0
10001-12000	11000.5	0	0	0	0
12001-12000	13000.5	0	0	0	0
12001-14000	15000.5	0	0	0	0
14001-16000	17000.5	0	0	0	0
16001-18000	19000.5	0	0	0	0
20001-25000	22500.5	0	0	0	0
25001-30000	27500.5	0	0	0	0
30001-35000	32500.5	0	0	0	0
35001-40000	37500.5	0	0	0	0
40001-50000	45000.5	0	0	0	0
50001-60000	55000.5	0	0	0	0
60001-70000	65000.5	0	0	0	0
70001-80000	75000.5	0	0	0	0
80001-90000	85000.5	0	0	0	0
90001-100000	95000.5	0	0	0	0
OVER 100,000		12	2,518,300		2,518,300
TOTAL 2" METER		12	2,518,300		2,518,300

BILL COUNT 3" PORT METER

GALLONAGE	MID POINT	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	
0-0	0	0	0	0	0	0	
1-1000	500	0	0	0	0	0	0
1001-2000	1500.5	0	0	0	0	0	0
2001-3000	2500.5	0	0	0	0	0	0
3001-4000	3500.5	0	0	0	0	0	0
4001-5000	4500.5	0	0	0	0	0	0
5001-6000	5500.5	0	0	0	0	0	0
6001-7000	6500.5	0	0	0	0	0	0
7001-8000	7500.5	0	0	0	0	0	0
8001-9000	8500.5	0	0	0	0	0	0
9001-10000	9500.5	0	0	0	0	0	0
10001-12000	11000.5	0	0	0	0	0	0
12001-14000	13000.5	0	0	0	0	0	0
14001-16000	15000.5	0	0	0	0	0	0
16001-18000	17000.5	0	0	0	0	0	0
18001-20000	19000.5	0	0	0	0	0	0
20001-25000	22500.5	0	0	0	0	0	0
25001-30000	27500.5	0	0	0	0	0	0
30001-35000	32500.5	0	0	0	0	0	0
35001-40000	37500.5	0	0	0	0	0	0
40001-50000	45000.5	0	0	0	0	0	0
50001-60000	55000.5	0	0	0	0	0	0
60001-70000	65000.5	0	0	0	0	0	0
70001-80000	75000.5	0	0	0	0	0	0
80001-90000	85000.5	0	0	0	0	0	0
90001-100000	95000.5	0	0	0	0	0	0
OVER 100,000		0	0	0	0	0	0

GALLON USAGE 3" PORTABLE METER

GALLONAGE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
0												
1-1000												
1001-2000												
2001-3000												
3001-4000												
4001-5000												
5001-6000												
6001-7000												
7001-8000												
8001-9000												
9001-10000												
10001-12000												
12001-14000												
14001-16000												
16001-18000												
18001-20000												
20001-25000												
25001-30000												
30001-35000												
35001-40000												
40001-50000												
50001-60000												
60001-70000												
70001-80000												
80001-90000												
90001-100000												
OVER 100,000	0	0	0	0	0	0	0	0	0	0	0	0

BILL COUNT PROOF 3" METER

		# BILLS	M.GALS.	CUMUL	CUMUL
GALLONAGE	MID POINT	BY BLOCK	BY BLOCK	# BILLS	M. GALS
0-0	0	0	0		0
1-1000	500	0	0	0	0
1001-2000	1500.5	0	0	0	0
2001-3000	2500.5	0	0	0	0
3001-4000	3500.5	0	0	0	0
4001-5000	4500.5	0	0	0	0
5001-6000	5500.5	0	0	0	0
6001-7000	6500.5	0	0	0	0
7001-8000	7500.5	0	0	0	0
8001-9000	8500.5	0	0	0	0
9001-10000	9500.5	0	0	0	0
10001-12000	11000.5	0	0	0	0
12001-14000	13000.5	0	0	0	0
14001-16000	15000.5	0	0	0	0
16001-18000	19000.5	0	0	0	0
20001-25000	22500.5	0	0	0	0
25001-30000	27500.5	0	0	0	0
30001-35000	32500.5	0	0	0	0
35001-40000	37500.5	0	0	0	0
40001-50000	45000.5	0	0	0	0
50001-60000	55000.5	0	0	0	0
60001-70000	65000.5	0	0	0	0
70001-80000	75000.5	0	0	0	0
80001-90000	85000.5	0	0	0	0
90001-100000	95000.5	0	0	0	0
OVER 100,000	105000.5	0	0	0	0
TOTAL 3" METER		0	0	0	0

BILL COUNT 8" METER

GALLONAGE	MID POINT	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	
0-0	0						
1-1000	500	0	0	0	0	0	0
1001-2000	1500.5	1	0	0	0	1	1500.5
2001-3000	2500.5	0	0	0	0	0	0
3001-4000	3500.5	1	0	0	0	1	3500.5
4001-5000	4500.5	0	0	0	0	0	0
5001-6000	5500.5	0	0	0	0	0	0
6001-7000	6500.5	0	0	0	0	0	0
7001-8000	7500.5	0	0	0	0	0	0
8001-9000	8500.5	0	0	0	0	0	0
9001-10000	9500.5	0	0	0	0	0	0
10001-12000	11000.5	0	1	0	0	1	11000.5
12001-14000	13000.5	0	0	1	0	1	13000.5
14001-16000	15000.5	0	0	0	0	0	0
16001-18000	17000.5	0	0	0	0	0	0
18001-20000	19000.5	0	1	1	0	2	38001
20001-25000	22500.5	0	0	0	0	0	0
25001-30000	27500.5	0	0	0	0	0	0
30001-35000	32500.5	0	0	0	0	0	0
35001-40000	37500.5	0	0	0	0	0	0
40001-50000	45000.5	0	0	0	0	0	0
50001-60000	55000.5	0	0	0	0	0	0
60001-70000	65000.5	0	1	0	0	1	65000.5
70001-80000	75000.5	0	0	0	0	0	0
80001-90000	85000.5	1	0	0	1	2	170001
90001-100000	95000.5	0	0	0	0	0	0
OVER 100,000		0	0	1	2	3	502000
TOTAL BILLS		3	3	3	3	12	804004.5

GALLON USAGE 8" METER

GALLONAGE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
0-1000												
1001-2000			1									
2001-3000												
3001-4000		1										
4001-5000												
5001-6000												
6001-7000												
7001-8000												
8001-9000												
9001-10000						1						
10001-12000							1					
12001-14000												
14001-16000												
16001-18000												
18001-20000					1			1				
20001-25000												
25001-30000												
30001-35000												
35001-40000												
40001-50000												
50001-60000												
60001-70000												
70001-80000												
80001-90000												
90001-100000	1											1
OVER 100,000									1	1	1	
GALLONS over 100,000									105,000	152,000	245,000	

BILL COUNT PROOF 8" METER

		# BILLS	M.GALS.	CUMUL	CUMUL
GALLONAGE	MID POINT	BY BLOCK	BY BLOCK	# BILLS	M. GALS
0-0	0	0	0		0
1-1000	500	0	0	0	0
1001-2000	1500.5	1	1500.5	1	1500.5
2001-3000	2500.5	0	0	1	1500.5
3001-4000	3500.5	1	3500.5	2	5001
4001-5000	4500.5	0	0	2	5001
5001-6000	5500.5	0	0	2	5001
6001-7000	6500.5	0	0	2	5001
7001-8000	7500.5	0	0	2	5001
8001-9000	8500.5	0	0	2	5001
9001-10000	9500.5	0	0	2	5001
10001-12000	11000.5	1	11000.5	3	16001.5
12001-14000	13000.5	1	13000.5	4	29002
14001-16000	15000.5	1	15000.5	5	44002.5
16001-18000	19000.5	2	38001	7	82003.5
20001-25000	22500.5	0	0	7	82003.5
25001-30000	27500.5	0	0	7	82003.5
30001-35000	32500.5	0	0	7	82003.5
35001-40000	37500.5	0	0	7	82003.5
40001-50000	45000.5	0	0	7	82003.5
50001-60000	55000.5	0	0	7	82003.5
60001-70000	65000.5	1	65000.5	8	147004
70001-80000	75000.5	0	0	8	147004
80001-90000	85000.5	1	85000.5	9	232004.5
90001-100000	95000.5	0	0	9	232004.5
OVER 100,000		3	502000	12	734004.5
TOTAL 8" METER		12	232004.5	12	1459055.5

Lagoon Estates Water Company

2600 NORTH 44th STREET, SUITE 203
PHOENIX, AZ 85008 -- 602 275 5402

To Whom It May Concern:

This letter is to certify that Lagoon Estates Water Company notified their customers on June 7, 2004 that they are submitting an application to the Arizona Corporation Commission for a rate increase. The attached letter was mailed to every customer via US Mail.

Teresa L. Gemar

Notary



CUSTOMER NOTIFICATION

Lagoon Estates Water Company has applied to the Arizona Corporation Commission for an adjustment in rates. The current rates have been in effect since May 1999. An increase in rates is necessary at this time due to the Company experiencing an increase in expenditure for improvement of quality of water served to our customers and also requirements in order to comply with Arizona Department of Environmental Quality (ADEQ). There is also the continuing cost of repairs and improvements of the pumping system, increase salaries, continuing educations and training to comply with current and forthcoming regulations. The Company has requested a modest increase in rates, including services charges for insufficient funds, establishment fees, and meter and service line installation. It is the Company's intention to recover some of the loss over the last few years and provide funding for the necessary improvements with the proposed rates. Based on the Company's unaudited Test Year results, Lagoon Estates Water Company realized an operating income of \$3,535. The Company is requesting a revenue increase of \$26,281 or 24.58% of total revenues. Please see the attached pages 9 and 11 of the Company's application for the current and proposed rates.

The Application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 W. Washington Street and at Lagoon Estates Water Company at 2600 N. 44th Street, Suite 203, Phoenix, AZ 85008. Please be advised that the rates and charges ultimately approved by the Commission may be higher or lower than the rates and charges requested in the Application.

Customer input is an important part of the Commission's analysis of the requested adjustment and is a factor in determining whether a hearing will be conducted. Customers should bring to the Commission's attention any questions or concerns related to the Company's Application, including service, billing procedures or other factors important in determining the reasonableness of charges. Customers may have the right to intervene in this matter. Customers wishing to communicate with the Commission, or request information on intervention in the proceeding, should contact the Commission's Consumer Services Section at 1-800-222-7000 in Phoenix.

Customers are advised that the Commission may act upon the Application without a hearing. Regardless of whether a formal hearing is held, comments submitted in writing will be placed in the office file, which the Commission reviews prior to the final decision on the Application. It is important that you contact the Commission within 15 days so that the Commission's Staff can consider your comments and concerns in developing its recommendation to the Commission.

MONTHLY CHARGE
Minimum or Service Charges

CURRENT RATES
\$ Gallons

PROPOSED RATES
\$ Gallons

5/8" x 3/4" Meter	\$12.25 for 1000	\$16.00 for 1000
3/4" Meter	\$18.50 for 1000	\$25.00 for 1000
1" Meter	\$30.00 for 1000	\$40.00 for 1000
1 1/2" Meter	\$61.00 for 1000	\$80.00 for 1000
2" Meter	\$98.00 for 1000	\$127.00 for 1000
3" Meter	\$185.00 for 1000	\$240.00 for 1000
4" Meter	\$305.00 for 1000	\$400.00 for 1000
6" Meter	\$612.00 for 1000	\$800.00 for 1000
8" Meter	\$708.750 for 1000	\$925.00 for 1000

Commodity Charge
 1001 - 6000 gallons
 over 6000 gallons

\$ per Gallons
 \$2.00 per 1000
 \$2.00 per 1000

\$ per Gallons
 \$3.00 per 1000
 \$3.00 per 1000

Flat Rate

\$ per Gallons

\$ per Gallons

Customer Class: Residential & Non-residential

Test Year ending: 1 12/31/02

SERVICE CHARGES	CURRENT RATES	PROPOSED RATES
Service Line & Meter Install		
5/8" x 3/4" Meter	\$ 350.00	\$ 455.00
3/4" Meter	\$ 390.00	\$ 500.00
1" Meter	\$ 450.00	\$ 585.00
1 1/2" Meter	\$ 685.00	\$ 890.00
2" Meter	\$ 1,100.00	\$ 1,430.00
3" Meter	\$ 1,500.00	\$ 1,950.00
4" Meter	\$ 2,400.00	\$ 3,120.00
5" Meter	\$ -	
6" Meter	\$ 4,300.00	\$ 5,600.00
8" Meter	\$ 6,600.00	\$ 8,580.00
Establishment	\$ 30.00	\$ 40.00
Establishment (after hours)	\$ 45.00	\$ 60.00
Reconnection (Delinquent)	\$ 35.00	\$ 45.00
Meter Test	\$ 30.00	\$ 40.00
Deposit	per rule	per rule
Deposit Interest	per rule	per rule
Reestablishment (within 12 months)	months off the system times the minimum	same
NSF Check	\$ 25.00	\$ 30.00
Deferred Payment	1.50% per mo	1.5% per month
Meter Re-read	\$ 18.00	\$ 23.00

Lagoon Estates Water Company

2600 NORTH 44th STREET, SUITE 203
PHOENIX, AZ 85008 -- 602 275 5402

September 3, 2004

Jim Puckett
Arizona Department of Environmental Quality
1110 W. Washington Street, 5415B-1
Phoenix, AZ 85007

Re: Public Water System ID # 08-046

Dear Mr. Puckett:

Could you please send us a current Drinking Water Compliance Status Report for Public Water System #08-046. Karen Brereton is sending a consumer confidence report to your office for this system.

Sincerely,



Terry Gemar