

**ORIGINAL**

**NEW APPLICATION**



0000027941

ARIZONA CORPORATION COMMISSION

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**RATE APPLICATION  
FOR WATER COMPANIES  
WITH ANNUAL GROSS OPERATING REVENUES  
(INCLUDING REQUESTED RATE RELIEF)  
OF LESS THAN \$250,000**

**PER ADMINISTRATIVE CODE R-14-2-103**

Details at Website [www.cc.state.az.us](http://www.cc.state.az.us)

**Cayetano, Inc. dba**

**Lakewood Water Company**

**UTILITY NAME**

**W-01809A-05-0930**

**December 31, 2004**

**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](http://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 W. 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 RATES SERVICES 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 STATEMENTS 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 1ST QUARTER.....	27
BILL COUNT WORKSHEET 2ND QUARTER.....	28
BILL COUNT WORKSHEET 3RD QUARTER.....	29
BILL COUNT WORKSHEET 4TH QUARTER.....	30
BILL COUNT SUMMARY.....	31
CUSTOMER NOTIFICATION.....	32
APPENDIX: WATER COMPLIANCE AFFIDAVITS AND ADOR TAX CLEARANCE FORM.....	33

## WATER RATE APPLICATION CHECKLIST

Please use the following checklist to ensure that all necessary attachments are included in the application. Provide an explanation for any omitted item. Please include 15 copies of this application in your application submission. Also, please include three packets with copies of checklist items 5-11.

### ORIGINAL APPLICATION PACKAGE ITEMS

- 1. The Arizona Department of Environmental Quality ("ADEQ") or Maricopa County Environmental Services Department ("MCESD") compliance status report. Use the appropriate request form in the appendix at the end of this application to obtain the status report. A separate form should be used for each public water system, as defined by ADEQ, that is part of this application. Submit the completed status report(s) obtained by ADEQ or MCESD with your application.
- 2. The Arizona Department of Revenue ("ADOR") certificate of compliance letter of good standing. Use the tax clearance application in the appendix at the end of this application in order to obtain the certificate of compliance. (send in the certificate of compliance with your application.)
- 3. The utility's most recent ADEQ annual sampling fee invoice for its Monitoring Assistance Program.
- 4. Invoices for each plant asset purchase in excess of \$150 for the Test Year, as well as all of the intervening years since the utility's prior Test Year as itemized on page 14.

Please provide 3 packets with copies of the following information to support entries on the Income Statement on page 19.

- 5. A breakdown by name, position, salary, and duties for the Salaries and Water Expense (Acct. 601)
- 6. Invoices for Purchased Water during the Test Year. (Account 610)
- 7. Invoices for Purchased Power during the Test Year. (Account 615)
- 8. Invoices for Repairs and Maintenance in excess of \$150 incurred during the Test Year (Acct. 620)
- 9. Invoices for Outside Services in excess of \$150 incurred during the Test Year (Acct. 630)
- 10. Invoices for Water Testing during the Test Year (Acct. 635)
- Statements from the county for Property Tax Expenses incurred during the Test Year (Acct. 408.11)

## 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 the 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 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 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  
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 DESCRIPTIONS 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 attached 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 the rate adjustment.

Please Explain:

Continual increase in expenses has necessitated this rate increase.

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

Please Explain:

Adjustments were made to salaries, property taxes, depreciation, rate case expense, and the interest expense (to compute income taxes).

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Significant factors influencing your revenues, expenses and/or rate base

Please Explain:

A substantial amount of plant needs to installed on the system. This plant consists of wells, meters, transmission and distribution lines, and totals \$31,700. Please see list below.

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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:

Since the last rate case the Company has grown by about 30 customers.

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Anticipated construction

Please Explain:

<u>Wells (upgrades to regulate air pressure)</u>	<u>\$ 2,000</u>
<u>Telemetry System</u>	<u>15,000</u>
<u>Seametrics digital flowmeter</u>	<u>4,700</u>
<u>Transmission &amp; Distribution Lines (valves jobs, replacing, resetting and cementing)</u>	<u>10,000</u>
	<u>\$ 31,700</u>

Efforts made to encourage conservation of water through proposed rate design or through other means

Please Explain:

The proposed rate design includes no water in the monthly minimum. Additionally, the water rates requested are priced higher as the water usage increases. The residential customers have three tiers, while non residential customers have two tiered rates.

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Other factors

Please Explain:

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***Attach additional pages as necessary***

**AFFILIATE RELATIONSHIP**

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

A parent-subsiary relationship, or affiliation, with another entity includes corporations, partnerships, sole proprietorship, limited liability corporation (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 jointed owned asset, it 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.)

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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.

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**STATEMENTS IN SUPPORT OF RATE REQUEST**

Complete the following statements in support of your rate request.

Lakewood 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 Test Year Ended: December 31, 2004 (mm/dd/yy). The Company had total operating revenues of \$ 94,436 , served 298 metered and 0 unmetered customers and sold 45,928 Units of 1,000 gallons of water during the test year.  
(from page 19)  
(from page 18)

The Company is requesting a(n) increase/decrease in the amount of \$ 18,897 , or 20.01% .

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

The Company is current on all property taxes.  YES  NO

The Company is current on all sales taxes.  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  NO  
Tariff Filed with this application

The Company currently has a Backflow Prevention Tariff on file with the Commission.  YES  NO  
Tariff Filed with this application

The Company notified its customers of its application for a rate adjustment on \_\_\_\_\_ (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.

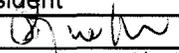
The utility company ownership is one of the following

- 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 share owned below.**

Stockholder	Number of Shares Owned
Christopher Hill	11,053
Strom Cruz	4,737
Totals	15,790

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	Company Name: <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">DL</span>
Mr. Christopher Hiss	Address: P.O. Box <sup>733</sup> <del>700</del> , Amado, AZ 85645
Title: President	
Signature: 	Phone Number 502-297-2185
Date: 11-25-05	Fax Number 520-877-1168
E-mail Address: CWH2SERV@msn.com	
Website Address:	

## 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 rate 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 meter 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.

Company Name: Lakewood Water Company Test Year Ended: December 31, 2004

**CURRENT AND PROPOSED RATES AND CHARGES**

CUSTOMER CLASS  Residential  Commercial  Industrial  
 Irrigation  All  Other, specify \_\_\_\_\_

MONTHLY CHARGE \_\_\_\_\_ CURRENT RATES PROPOSED RATES

MINIMUM OR SERVICE CHARGES	
5/8" x 3/4" Meter	
3/4" Meter	
1" Meter	
1 1/2" Meter	
2" Meter	
3" Meter	
4" Meter	
5" Meter	
6" Meter	

\$	GALLONS
\$ 12.00	for 1,000
\$ 13.00	for 1,000
\$ 20.00	for 1,000
\$ 32.00	for 1,000
\$ 62.00	for 1,000
\$ 122.00	for 1,000
\$ 255.00	for 1,000
N/A	for 1,000
\$ 550.00	for 1,000

\$	GALLONS
\$ 12.00	for -
\$ 18.00	for -
\$ 30.00	for -
\$ 60.00	for -
\$ 96.00	for -
\$ 192.00	for -
\$ 300.00	for -
N/A	for -
\$ 600.00	for -

GALLONS IN EXCESS OF MINIMUM
Commodity Charge in Excess of Minimum (Charge per 1,000 Gallons)

**Current Rates** Rate Gallons **Proposed Rates** Rate Gallons

First Tier
Second Tier
Third Tier
FLAT RATE

Rate	Up to	Gallons	Rate	Gallons
\$ 1.00	10,000		Please See Next Page 9a	
1.30	Over 10,001		to	
	Over		Over	
	Per Month		Per Month	

*Note: If rates and charges vary across customer classes, duplicate the form and complete one for each rate class. (e.g. residential, commercial) unless "All" is checked.*

		Proposed Rates Tier Bounds	Proposed Rates
<b><u>Tier 1: Gallons upper limit Residential Only</u></b>			
5/8 x 3/4 Inch	Residential	4,000	\$ 1.00
3/4 Inch	Residential	4,000	\$ 1.00
<b><u>Tier 2: Gallons upper limit Residential Only</u></b>			
5/8 x 3/4 Inch	Residential	10,000	\$ 1.40
3/4 Inch	Residential	10,000	\$ 1.40
<b><u>Tier 3: Gallons upper limit Residential Only</u></b>			
5/8 x 3/4 Inch		10,001	\$ 1.70
3/4 Inch		10,001	\$ 1.70
<b><u>Tier 1: Gallons upper limit Non-Residential Only</u></b>			
5/8 x 3/4 Inch	All Except Residential	10,000	\$ 1.40
3/4 Inch	All Except Residential	10,000	\$ 1.40
1 Inch	All Except Residential	10,000	\$ 1.40
1.5 Inch	All Except Residential	20,000	\$ 1.40
2 Inch	All Except Residential	32,000	\$ 1.40
3 Inch	All Except Residential	64,000	\$ 1.40
4 Inch	All Except Residential	100,000	\$ 1.40
6 Inch	All Except Residential	200,000	\$ 1.40
8 Inch	All Except Residential	200,000	\$ 1.40
<b><u>Tier 2: Gallons upper limit Non-Residential Only</u></b>			
5/8 x 3/4 Inch	All Except Residential	10,001	\$ 1.70
3/4 Inch	All Except Residential	10,001	\$ 1.70
1 Inch	All Except Residential	10,001	\$ 1.70
1.5 Inch	All Except Residential	20,001	\$ 1.70
2 Inch	All Except Residential	32,001	\$ 1.70
3 Inch	All Except Residential	64,001	\$ 1.70
4 Inch	All Except Residential	100,001	\$ 1.70
6 Inch	All Except Residential	200,001	\$ 1.70
8 Inch	All Except Residential	200,001	\$ 1.70

## SERVICE CHARGES INSTRUCTIONS

Service Charge  
(Commission Rule)

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 customer requested re-read of meter applicable when the original reading was found not to be in error.

**CURRENT AND PROPOSED RATES AND CHARGES**

CUSTOMER CLASS    Residential    Commercial    Industrial  
                            Irrigation         All                     Other, specify \_\_\_\_\_

SERVICE LINE AND METER INSTALLATION CHARGES
5/8" x 3/4" Meter
3/4 " Meter
1" Meter
1 1/2" Meter
2" Meter Turbo
2" Meter Compound
3" Meter Turbo
3" Meter Compound
4" Meter Turbo
4" Meter Compound
6" Meter Turbo
6" Meter Compound

CURRENT CHARGES
\$ 320
\$ 360
\$ 410
\$ 620
\$ 1,025
\$ 1,025
\$ 1,525
\$ 1,525
\$ 2,240
\$ 2,240
\$ 4,345
\$ 4,345

PROPOSED CHARGES
\$ 480
\$ 560
\$ 650
\$ 895
\$ 1,555
\$ 2,280
\$ 2,235
\$ 3,070
\$ 3,440
\$ 4,395
\$ 6,195
\$ 7,970

Establishment	\$ 20.00
Establishment (After Hours)	\$ 40.00
Reconnection (Delinquent)	\$ 40.00
Reconnection (Delinquent) after hours	\$ 25.00
Meter Test	\$ 30.00
Deposit	PER RULE
Deposit Interest	PER RULE
Re-establishment (Within 12 months)	PER RULE
NSF Check	\$ 15.00
Deferred Payment	N/A
Meter Re-read	\$ 10.00
Late Fee	1.5% per month

\$ 25.00
\$ 40.00
\$ 15.00
\$ 25.00
\$ 30.00
PER RULE
PER RULE
PER RULE
\$ 15.00
PER RULE
\$ 10.00
1.5% per month

**Note: If rates and charges vary across customer classes, duplicate the form and complete one for each rate class. (e.g. residential, commercial) unless "All" is checked.**

## 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.

Plant Additions and Retirements by Year

Acct. No.	Description	Depr. Rate	1994 Staff Plant	Allocate ACC Staff Depr.	Net Plant Per Staff	1995 Retirements	1995 Additions	1995 Plant	1995 Depreciation Expense	1995 Accumulated Depreciation	1996 Retirements	1996 Additions	1996 Plant
301	Organization Cost	5.00%	7,704	3,632	4,072	-	-	7,704	385	4,017	-	-	7,704
302	Franchise Cost												
303	Land and Land Rights		3,488		3,488			3,488					3,488
304	Structures and Improvements	5.00%	1,917	904	1,013			1,917	96	1,000			1,917
307	Wells and Springs	5.00%	17,078	8,051	9,027			17,078	854	8,905			17,078
311	Electric Pumping Equipment	5.00%	35,550	16,759	18,791		849	36,399	1,799	18,557			36,399
320	Water Treatment Equipment	5.00%											
320.1	Water Treatment Plants	5.00%											
320.2	Solution Chemical Feeders	5.00%											
330	Distribution Reservoirs & Standpipe	5.00%	23,893	11,263	12,630			23,893	1,195	12,458			23,893
330.1	Storage Tanks	5.00%											
330.2	Pressure Tanks	5.00%											
331	Transmission and Distribution Mains	5.00%	76,496	36,061	40,435		527	77,023	3,838	39,899			77,023
333	Services	5.00%	7,732	3,645	4,087			7,732	387	4,032			7,732
334	Meters & Meter Installations	5.00%	16,479	7,768	8,711		1,851	18,330	870	8,639		674	19,004
335	Hydrants	5.00%											
336	Backflow Prevention Devices	5.00%											
339	Other Plant and Misc. Equipment	5.00%											
340	Office Furniture and Fixtures	5.00%	5,063	2,387	2,676		1,019	6,082	279	2,665			6,082
340.1	Computers and Software	5.00%											
341	Transportation Equipment	5.00%											
343	Tools and Work Equipment	5.00%											
344	Laboratory Equipment	5.00%											
345	Power Operated Equipment	5.00%	1,890	891	999			1,890	95	985			1,890
346	Communications Equipment	5.00%	606	286	320		27	633	31	317			633
347	Miscellaneous Equipment	5.00%											
348	Other Tangible Plant	5.00%					478	478	12	12			478
	<b>TOTAL WATER PLANT</b>		197,896	91,646	106,250	-	4,750	202,646	9,839	101,485	-	674	203,320
	ACC Staff Depreciable Plant, All except Land		194,408										
	ACC Staff Accumulated Depreciation		91,646										

Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C respectively.

Amortization of CIAC

Half Year Convention on Depreciation taken in year of acquisition  
Revised 8/27/02

Plant Additions and Retirements by Year												
Acct. No.	Description	Depr. Rate	1996 Depreciation Expense	1996 Accumulated Depreciation	1997 Retirements	1997 Additions	1997 Plant	1997 Depreciation Expense	1997 Accumulated Depreciation	1998 Retirements	1998 Additions	1998 Plant
301	Organization Cost	5.00%	385	4,402	-	7,704	7,704	385	4,787	-	-	7,704
302	Franchise Cost	5.00%	-	-	-	-	-	-	-	-	-	-
303	Land and Land Rights		-	-	-	3,488	3,488	-	-	-	-	3,488
304	Structures and Improvements	5.00%	96	1,095	-	1,917	1,917	96	1,191	-	-	1,917
307	Wells and Springs	5.00%	854	9,759	-	17,078	17,078	854	10,612	-	-	17,078
311	Electric Pumping Equipment	5.00%	1,820	20,377	-	36,399	36,399	1,820	22,197	-	-	36,399
320	Water Treatment Equipment	5.00%	-	-	-	-	-	-	-	-	-	-
320.1	Water Treatment Plants	5.00%	-	-	-	-	-	-	-	-	-	-
320.2	Solution Chemical Feeders	5.00%	-	-	-	-	-	-	-	-	-	-
330	Distribution Reservoirs & Standp	5.00%	1,195	13,653	-	23,893	23,893	1,195	14,847	-	-	23,893
330.1	Storage Tanks	5.00%	-	-	-	-	-	-	-	-	-	-
330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-	-
331	Transmission and Distribution Ma	5.00%	3,851	43,750	-	77,023	77,023	3,851	47,601	-	1,865	78,887
333	Services	5.00%	387	4,418	-	7,732	7,732	387	4,805	-	-	7,732
334	Meters & Meter Installations	5.00%	933	9,572	-	1,586	20,590	990	10,562	-	-	20,590
335	Hydrants	5.00%	-	-	-	-	-	-	-	-	-	-
336	Backflow Prevention Devices	5.00%	-	-	-	-	-	-	-	-	-	-
339	Other Plant and Misc. Equipment	5.00%	-	-	-	-	-	-	-	-	-	-
340	Office Furniture and Fixtures	5.00%	304	2,969	-	6,082	6,082	304	3,274	-	-	6,082
340.1	Computers and Software	5.00%	-	-	-	-	-	-	-	-	-	-
341	Transportation Equipment	5.00%	-	-	-	-	-	-	-	-	-	-
343	Tools and Work Equipment	5.00%	-	-	-	-	-	-	-	-	-	-
344	Laboratory Equipment	5.00%	-	-	-	-	-	-	-	-	-	-
345	Power Operated Equipment	5.00%	95	1,080	-	1,890	1,890	95	1,174	-	360	2,250
346	Communications Equipment	5.00%	32	348	-	633	633	32	380	-	-	633
347	Miscellaneous Equipment	5.00%	-	-	-	-	-	-	-	-	-	-
348	Other Tangible Plant	5.00%	24	36	-	478	478	24	60	-	-	478
	<b>TOTAL WATER PLANT</b>		9,975	111,460	-	1,586	204,906	10,031	121,491	-	2,224	207,130

Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C respectively.

**Amortization of CIAC**

Half Year Convention on Depreciation taken in year of acquisition  
Revised 8/27/02

**Plant Additions and Retirements by Year**

Acct. No.	Description	Depr. Rate	1998			1999			2000		
			Depreciation Expense	Accumulated Depreciation	Retirements	Depreciation Expense	Accumulated Depreciation	Retirements	Depreciation Expense	Accumulated Depreciation	Retirements
301	Organization Cost	5.00%	385	5,173	-	7,704	385	5,558	-	7,704	-
302	Franchise Cost	-	-	-	-	-	-	-	-	-	2,248
303	Land and Land Rights	-	-	-	-	3,488	-	-	-	-	3,488
304	Structures and Improvements	5.00%	96	1,287	-	1,917	96	1,383	-	3,800	5,717
307	Wells and Springs	5.00%	854	11,466	-	17,078	854	12,320	-	17,078	17,078
311	Electric Pumping Equipment	5.00%	1,820	24,017	-	36,399	1,820	25,837	-	36,399	36,399
320	Water Treatment Equipment	5.00%	-	-	-	-	-	-	-	-	-
320.1	Water Treatment Plants	5.00%	-	-	-	-	-	-	-	-	-
320.2	Solution Chemical Feeders	5.00%	-	-	-	-	-	-	-	-	-
330	Distribution Reservoirs & Standp	5.00%	1,195	16,042	-	23,893	1,195	17,237	-	15,163	39,056
330.1	Storage Tanks	5.00%	-	-	-	-	-	-	-	-	-
330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-
331	Transmission and Distribution Ma	5.00%	3,998	51,499	-	79,016	3,948	55,447	-	724	79,740
333	Services	5.00%	387	5,191	-	7,732	387	5,578	-	464	8,196
334	Meters & Meter Installations	5.00%	1,029	11,591	-	20,998	1,040	12,631	-	-	20,998
335	Hydrants	5.00%	-	-	-	-	-	-	-	-	-
336	Backflow Prevention Devices	5.00%	-	-	-	-	-	-	-	-	-
339	Other Plant and Misc. Equipment	5.00%	-	-	-	-	-	-	-	-	-
340	Office Furniture and Fixtures	5.00%	304	3,578	-	6,082	304	3,882	-	1,156	7,238
340.1	Computers and Software	5.00%	-	-	-	-	-	-	-	-	-
341	Transportation Equipment	5.00%	-	-	-	-	-	-	-	-	-
343	Tools and Work Equipment	5.00%	-	-	-	-	-	-	-	-	-
344	Laboratory Equipment	5.00%	-	-	-	-	-	-	-	-	-
345	Power Operated Equipment	5.00%	103	1,278	-	2,250	112	1,390	-	54	2,304
346	Communications Equipment	5.00%	32	412	-	633	32	443	-	-	633
347	Miscellaneous Equipment	5.00%	-	-	-	-	-	-	-	-	-
348	Other Tangible Plant	5.00%	24	84	-	478	24	108	-	-	478
	<b>TOTAL WATER PLANT</b>		10,126	131,618	-	207,668	10,196	141,813	-	25,609	233,277

Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C respectively.

**Amortization of CIAC**

Half Year Convention on Depreciation taken in year of acquisition  
Revised 8/27/02

**Plant Additions and Retirements by Year**

Acct. No.	Description	Depr. Rate	2000 Depreciation Expense	2000 Accumulated Depreciation	2001 Retirements	2001 Additions	2001 Plant	2001 Depreciation Expense	2001 Accumulated Depreciation	2002 Retirements	2002 Additions	2002 Plant
301	Organization Cost	5.00%	385	5,943			7,704	385	6,328			7,704
302	Franchise Cost		-	-		827	3,075	-	-			3,075
303	Land and Land Rights		-	-			3,488	-	-			3,488
304	Structures and Improvements	5.00%	191	1,574			5,717	286	1,860			5,717
307	Wells and Springs	5.00%	854	13,174			17,078	854	14,028			17,078
311	Electric Pumping Equipment	5.00%	1,820	27,657		7,933	44,332	2,018	29,675		2,421	46,752
320	Water Treatment Equipment	5.00%	-	-			-	-	-			-
320.1	Water Treatment Plants	5.00%	-	-			-	-	-			-
320.2	Solution Chemical Feeders	5.00%	-	-			-	-	-			-
330	Distribution Reservoirs & Standpipes	5.00%	1,574	18,810			39,056	1,953	20,763		612	39,668
330.1	Storage Tanks	5.00%	-	-			-	-	-			-
330.2	Pressure Tanks	5.00%	-	-			-	-	-			-
331	Transmission and Distribution Materials	5.00%	3,969	59,415		8,900	88,639	4,209	63,625			88,639
333	Services	5.00%	398	5,976		6,309	14,505	568	6,544		1,061	15,566
334	Meters & Meter Installations	5.00%	1,050	13,681		1,446	22,444	1,086	14,767		2,481	24,925
335	Hydrants	5.00%	-	-			-	-	-			-
336	Backflow Prevention Devices	5.00%	-	-			-	-	-			-
339	Other Plant and Misc. Equipment	5.00%	-	-			-	-	-			-
340	Office Furniture and Fixtures	5.00%	333	4,215			7,238	362	4,577		430	7,668
340.1	Computers and Software	5.00%	-	-			-	-	-			-
341	Transportation Equipment	5.00%	45	45			1,800	90	135			1,800
343	Tools and Work Equipment	5.00%	5	5			200	10	15		916	1,116
344	Laboratory Equipment	5.00%	-	-			-	-	-			-
345	Power Operated Equipment	5.00%	114	1,504		289	2,593	122	1,627			2,593
346	Communications Equipment	5.00%	32	475			633	32	506			633
347	Miscellaneous Equipment	5.00%	-	-			-	-	-			-
348	Other Tangible Plant	5.00%	24	131		74	552	26	157			552
	<b>TOTAL WATER PLANT</b>		10,793	152,606	-	25,777	259,053	12,001	164,607	-	7,920	266,974

Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C respectively.

**Amortization of CIAC**

Half Year Convention on Depreciation taken in year of acquisition  
Revised 8/27/02

**Plant Additions and Retirements by Year**

2001 Accumulated Depreciation	Description	Depr. Rate	2002 Depreciation Expense	2002 Accumulated Depreciation	2003 Retirements	2003 Additions	2003 Plant	2003 Depreciation Expense	2003 Accumulated Depreciation	2004 Retirements	2004 Additions	2004 Plant	2004 Depreciation	2004 Accum. Depr.
301	Organization Cost	5.00%	385	6,713			7,704	385	7,099			7,704	385	7,484
302	Franchise Cost						3,075					3,075		
303	Land and Land Rights													
304	Structures and Improvements	5.00%	286	2,145			5,717	286	2,431			5,717	286	2,717
307	Wells and Springs	5.00%	854	14,882			17,078	854	15,736			17,078	854	16,590
311	Electric Pumping Equipment	5.00%	2,277	31,953		1,494	48,246	2,375	34,328		2,619	50,865	2,674	37,002
320	Water Treatment Equipment	5.00%												
320.1	Water Treatment Plants	5.00%												
320.2	Solution Chemical Feeders	5.00%												
330	Distribution Reservoirs & Standp	5.00%	1,968	22,731			39,668	1,983	24,715			39,668	1,983	26,698
330.1	Storage Tanks	5.00%												
330.2	Pressure Tanks	5.00%												
331	Transmission and Distribution Ma	5.00%	4,432	68,057			88,639	4,432	72,489			88,639	4,432	76,921
333	Services	5.00%	752	7,295		585	16,151	793	8,088		1,188	17,339	926	9,015
334	Meters & Meter Installations	5.00%	1,184	15,951			24,925	1,246	17,197			24,925	1,246	18,444
335	Hydrants	5.00%												
336	Backflow Prevention Devices	5.00%												
339	Other Plant and Misc. Equipment	5.00%												
340	Office Furniture and Fixtures	5.00%	373	4,949		1,161	8,829	412	5,362			8,829	441	5,803
340.1	Computers and Software	5.00%												
341	Transportation Equipment	5.00%	90	225			1,800	90	315			1,800	90	405
343	Tools and Work Equipment	5.00%	33	48			1,116	56	104			1,116	56	159
344	Laboratory Equipment	5.00%												
345	Power Operated Equipment	5.00%	130	1,756			2,593	130	1,886			2,593	130	2,016
346	Communications Equipment	5.00%	32	538			633	32	570			633	32	601
347	Miscellaneous Equipment	5.00%												
348	Other Tangible Plant	5.00%	28	185			1,105	28	212			1,105	55	268
	<b>TOTAL WATER PLANT</b>		<b>12,823</b>	<b>177,429</b>	<b>-</b>	<b>3,240</b>	<b>267,278</b>	<b>13,102</b>	<b>190,531</b>	<b>-</b>	<b>3,806</b>	<b>271,084</b>	<b>13,591</b>	<b>204,122</b>

Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C respectively.

**Amortization of CIAC**

Half Year Convention on Depreciation taken in year of acquisition  
Revised 8/27/02

## Plant Summary

Acct. No.	Description	Plant in Service	Total	Total	Test Year End Total Column D*
		Per Prior Decision Column A	Additions Column B	Retirements Column C	
301	Organization Cost	7,704	-		7,704
302	Franchise Cost	-	3,075		3,075
303	Land and Land Rights	3,488	-		3,488
304	Structures and Improvements	1,917	3,800		5,717
307	Wells and Springs	17,078	-		17,078
311	Electric Pumping Equipment	35,550	15,315		50,865
320	Water Treatment Equipment	-	-		-
320.1	Water Treatment Plants	-	-		-
320.2	Solution Chemical Feeders	-	-		-
330	Distribution Reservoirs & Standpipe	23,893	15,775		39,668
330.1	Storage Tanks	-	-		-
330.2	Pressure Tanks	-	-		-
331	Transmission and Distribution Mains	76,496	12,143		88,639
333	Services	7,732	9,607		17,339
334	Meters & Meter Installations	16,479	8,446		24,925
335	Hydrants	-	-		-
336	Backflow Prevention Devices	-	-		-
339	Other Plant and Misc. Equipment	-	-		-
340	Office Furniture and Fixtures	5,063	3,766		8,829
340.1	Computers and Software	-	-		-
341	Transportation Equipment	-	1,800		1,800
343	Tools and Work Equipment	-	1,116		1,116
344	Laboratory Equipment	-	-		-
345	Power Operated Equipment	1,890	703		2,593
345	Communications Equipment	606	27		633
347	Miscellaneous Equipment	-	-		-
348	Other Tangible Plant	-	552		552
	<b>TOTAL WATER PLANT</b>	197,896	76,124		274,020

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
		Column A	Column B	Column C
301	Organization Cost	7,704	7,484	220
302	Franchise Cost	3,075	-	3,075
303	Land and Land Rights	-	-	-
304	Structures and Improvements	5,717	2,717	3,000
307	Wells and Springs	17,078	16,590	488
311	Electric Pumping Equipment	50,865	37,002	13,863
320	Water Treatment Equipment	-	-	-
320.1	Water Treatment Plants	-	-	-
320.2	Solution Chemical Feeders	-	-	-
330	Distribution Reservoirs & Standpipe	39,668	26,698	12,970
330.1	Storage Tanks	-	-	-
330.2	Pressure Tanks	-	-	-
331	Transmission and Distribution Mains	88,639	76,921	11,719
333	Services	17,339	9,015	8,324
334	Meters & Meter Installations	24,925	18,444	6,481
335	Hydrants	-	-	-
336	Backflow Prevention Devices	-	-	-
339	Other Plant and Misc. Equipment	-	-	-
340	Office Furniture and Fixtures	8,829	5,803	3,026
340.1	Computers and Software	-	-	-
341	Transportation Equipment	1,800	405	1,395
343	Tools and Work Equipment	1,116	159	956
344	Laboratory Equipment	-	-	-
345	Power Operated Equipment	2,593	2,016	577
345	Communications Equipment	633	601	31
347	Miscellaneous Equipment	-	-	-
348	Other Tangible Plant	1,105	268	837
	<b>TOTAL WATER PLANT</b>	<b>271,084</b>	<b>204,122</b>	<b>66,962</b>

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

\* Column C = Column A - Column B

**WATER COMPANY PLANT DESCRIPTION**

**WELLS**

ADWR ID NUMBER*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (inches)	Meter Size (inches)	Year Drilled
55-629430	20	250	257	10	4	1972
55-629431	20	250	254	14	4	1972

\* Arizona Department of Water Resources Identification Number

**OTHER WATER SOURCES**

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
NONE		

<b>BOOSTER PUMPS</b>	
Horsepower	Quantity (how many)
None	

<b>FIRE HYDRANTS</b>	
Quantity Standard	Quantity Order
None	None

<b>STORAGE TANKS</b>	
CAPACITY	QUANTITY

<b>PRESSURE TANKS</b>	
CAPACITY	QUANTITY
5,000	2

**WATER COMPANY PLANT DESCRIPTION CONTINUED**  
continued

MAINS		
SIZE	MATERIAL	LENGTH FEET
2"	PVC,Steel	
2"		
3"		
4"	A/C, C900	
5"		
6"	PVC,C900 A/C	
8"		
10"		
12"		

METERS	
SIZE	QUANTITY (how many)
5/8" X 3/4"	291
3/4"	
1"	6
1 1/2"	1
2"	1
COMP. 3"	
TURBO 3"	
COMP. 4"	
TURBO 4"	
COMP 6"	
TURBO 6"	
COMP. 8"	
TURBO 8"	

TREATMENT EQUIPMENT:  
2 Well head chlorination

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STRUCTURES:

None

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OTHER:

None

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NAME OF COMPANY	Lakewood Water Company
ADEQ Public Water System Number:	

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLONS PUMPED
		(Thousands)	(Thousands)
January	298	2,446.52	3,285.4
February	298	2,684.61	3,168.0
March	296	3,101.74	4,227.5
April	295	3,634.51	4,187.5
May	296	4,747.40	5,806.3
June	298	5,551.08	6,608.4
July	297	4,795.87	5,612.2
August	300	4,823.95	5,967.5
September	299	4,391.94	5,502.5
October	299	3,722.24	4,490.8
November	299	3,192.86	3,931.0
December	299	2,835.39	4,807.4
Total	N/A	45,928.1	57,594.5

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

Yes       No

Does the Company have an ADWR gallons per capita ("GPCD") requirement?

Yes       No

If **Yes**, please provide the GPCD amount: \_\_\_\_\_

**Arsenic Reading: Well# 55-629430 = .011 mg/l**

**Arsenic Reading: Well# 55-629431 = .0074 mg/l**

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

For explanation of any of the above, please contact Engineering Supervisor at 602-542-7277.

\* This number must be equal to the number of entered on page 6, "sold gallons."

\*\* Gallons pumped cannot equal or be less than gallons sold.

**Comparative Statement of Income and Expenses**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	TEST YEAR
461	Metered Water Sales	\$ 92,621	\$ 92,954
460	Other Water Sales		
471	Other Operating Income	9,066	1,482
	<b>Total Operating Revenue</b>	<b>\$ 101,687</b>	<b>\$ 94,436</b>
	<b>OPERATING EXPENSES:</b>		
601	Salaries & Wages (See page 1, item 4)	\$ 23,699	\$ 26,182
610	Purchased Water (See page 1, item 5)		
615	Purchased Pumping Power (See page 1, item 6)	7,043	8,212
618	Chemicals	109	221
620	Repairs and Maintenance (see page 1, item 7)	1,832	2,413
621	Office Supplies and Expense	3,357	2,346
630	Outside Services (see page 1 item 8)	21,890	22,613
635	Water Testing (see page 1, item 9)	1,834	2,068
641	Rents	4,200	5,000
650	Transportation Expense		1,511
657	Insurance - General Liability	2,363	2,187
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		762
675	Miscellaneous Expenses	3,328	2,626
403	Depreciation (from page 20)	13,293	13,482
408	Taxes other than Income	1,772	1,952
408.11	Property Tax (see page 1, item 10)	7,772	7,357
409	Income Tax	50	50
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 92,542</b>	<b>\$ 98,982</b>
	<b>OPERATING INCOME (LOSS)</b>	<b>\$ 9,145</b>	<b>\$ (4,546)</b>
	<b>OTHER INCOME/EXPENSE</b>		
419	Interest and Dividend Income		
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	\$ 2,861	2243
	<b>TOTAL OTHER INCOME (EXPENSE)</b>	<b>\$ (2,861)</b>	<b>\$ (2,243)</b>
	<b>NET INCOME (LOSS)</b>	<b>\$ 6,284</b>	<b>\$ (6,789)</b>

Note: Do not include sales tax in revenues or expense. Please refer to the checklist on page 1 for required attachments related to this schedule.

\* This number must be identical to the number entered on page 6, "total operating revenues."

**Comparative Statement of Income and Expenses**

Acct. No.	OPERATING REVENUES	TEST YEAR	Adjustments		Adjusted Test Year	with Rate Increase	Adjusted with Rate Increase
			Label	Amount			
461	Metered Water Sales	\$ 92,954			\$ 92,954	\$ 18,897	\$ 111,851
460	Other Water Sales						
471	Other Operating Income	1,482			1,482		1,482
	Total Operating Revenue	\$ 94,436			\$ 94,436		\$ 113,333
	<b>OPERATING EXPENSES:</b>						
601	Salaries & Wages (See page 1, item 4)	\$ 26,182	(1)	785	26,967		\$ 26,967
610	Purchased Water (See page 1, item 5)						
615	Purchased Pumping Power (See page 1, item 6)	8,212			8,212		8,212
618	Chemicals	221			221		221
620	Repairs and Maintenance (see page 1, item 7)	2,413			2,413		2,413
621	Office Supplies and Expense	2,346			2,346		2,346
630	Outside Services (see page 1 item 8)	22,613			22,613		22,613
635	Water Testing (see page 1, item 9)	2,068			2,068		2,068
641	Rents	5,000			5,000		5,000
650	Transportation Expense	1,511			1,511		1,511
657	Insurance - General Liability	2,187			2,187		2,187
659	Insurance - Health and Life						
666	Regulatory Commission Expense - Rate Case	762		1,500	2,262		2,262
675	Miscellaneous Expenses	2,626			2,626		2,626
403	Depreciation (from page 20)	13,482	(6)	101	13,583		13,583
408	Taxes other than Income	1,952	(2)	60	2,012		2,012
408.1	Property Tax (see page 1, item 10)	7,357	(3)	1,398	8,755		8,755
409	Income Tax	50	(5)		50	1,733	1,783
	<b>TOTAL OPERATING EXPENSES</b>	\$ 98,982		\$ 3,844	\$ 102,826		\$ 104,559
	<b>OPERATING INCOME (LOSS)</b>	\$ (4,546)		\$ (3,844)	\$ (8,390)		\$ 8,774
	<b>OTHER INCOME/EXPENSE</b>						
419	Interest and Dividend Income						
421	Non-Utility Income						
426	Miscellaneous Non-Utility Expenses						
427	Interest Expense	2,243	(4)	(209)	2,034		2,034
	<b>TOTAL OTHER INCOME (EXPENSE)</b>	\$ (2,243)		\$ 209	\$ (2,034)		\$ (2,034)
	<b>NET INCOME (LOSS)</b>	\$ (6,789)		\$ (3,635)	\$ (10,424)		\$ 6,740

Note: Do not include sales tax in revenues or expense. Please refer to the checklist on page 1 for required attachments related to this schedule.

\* This number must be identical to the number entered on page 6, "total operating revenues." Adjustments computation are on shown on Pages 19b, and 19c.

## Statement of Income and Expenses

## Proforma Adjustments

Line No.		2004 Amounts	
1	<b>Salary Increase</b>	\$ 26,182	
2	Salary Increase of 3.00% for Office Manager	3.00%	
3	<b>Adjustment (1)</b>	<u>\$ 785.46</u>	Adjustment No. 1
4			
5	<b>Salary Increase / Payroll Tax</b>	\$ 785.46	
6	Company FICA Taxes at 7.60%	7.60%	
7	<b>Adjustment (2)</b>	<u>\$ 59.69</u>	Adjustment No. 2
8			
9	<b>Data For Property Tax Rate from 2004 Property Tax Bill:</b>		
10	Property Tax Bill for 2004 (Attached)		\$ 7,359.68
11	Personal Property Full Cash Value	\$ 167,256	
12	Assessment Ratio	25.00%	
13	Assessed Value (Line 11 x Line 12)	<u>\$ 41,814</u>	
14	Property Tax Rate (Line 10 / Line 13)		<u>17.6010%</u>
15			
16			
17	<b>Property Taxes Based on Proposed Rates:</b>		
18	2004 Revenues	\$ 92,954	
19	2004 Revenues	92,954	
20	Requested Revenues	<u>111,851</u>	
21	Average of 3 Years of Revenues (Average of Lines 18,19, & 20)	<u>\$ 99,253</u>	
22	Average of 3 Years of Revenues Multiplied by two	\$ 198,506	
23	(Line 21 x 2)		
24	Add:		
25	10% of Construction Work in Progress	0	
26	Deduct:		
27	Book Value of Transportation Equipment	0	
28	Full Cash Value of Personal Property	\$ 198,506	
29	Assessment Ratio (Average of 25% & 23%) (a)	<u>24.00%</u>	
30	Assessed Value	\$ 47,641	
31	Property Tax Rate	<u>17.6010%</u>	
32	Property Tax on Personal Property (Plant)	\$ 8,385.37	
33	Add: Property tax on Parcels (Attached)		
34		12.57	
35		337.63	
36		<u>19.66</u>	
37	Total Property Taxes	\$ 8,755.23	
38	Test Year Property Taxes	\$ 7,357.00	
39	Increase in Property Tax <b>Adjustment (3)</b>	<u>\$ 1,398.23</u>	Adjustment No. 3
40	<b>(a) To Reflect Property Tax Assessment Ratio Decrease</b>		
41			
42	Estimated Rate Case Expense	\$ 4,500.00	
43	Amortization Period	<u>3</u>	
44	Annual Rate Case Expense, <b>Adjustment (4)</b>	<u>\$ 1,500.00</u>	Adjustment No. 4
45			
46			

**Statement of Income and Expenses**  
**Proforma Adjustments**

Line  
No.

1	Loan # 1, ACC Decision # 62951				
2	<u>Col. 1</u>	<u>Col. 2</u>	<u>Col. 3</u>	<u>Col. 4</u>	<u>Col. 5</u>
3		Monthly	Interest	Principal	Loan
4	<u>Month</u>	<u>Payment</u>	<u>Expense</u>	<u>Payment</u>	<u>Balance</u>
5					\$ 10,301
6	1	\$ 277.92	\$ 90.13	\$ 187.79	\$ 10,113
7	2	\$ 277.92	\$ 88.49	\$ 189.43	\$ 9,924
8	3	\$ 277.92	\$ 86.83	\$ 191.09	\$ 9,733
9	4	\$ 277.92	\$ 85.16	\$ 192.76	\$ 9,540
10	5	\$ 277.92	\$ 83.47	\$ 194.45	\$ 9,345
11	6	\$ 277.92	\$ 81.77	\$ 196.15	\$ 9,149
12	7	\$ 277.92	\$ 80.06	\$ 197.86	\$ 8,951
13	8	\$ 277.92	\$ 78.33	\$ 199.59	\$ 8,752
14	9	\$ 277.92	\$ 76.58	\$ 201.34	\$ 8,551
15	10	\$ 277.92	\$ 74.82	\$ 203.10	\$ 8,347
16	11	\$ 277.92	\$ 73.04	\$ 204.88	\$ 8,143
17	12	\$ 277.92	\$ 71.25	\$ 206.67	\$ 7,936
18	Totals	<u>\$ 3,335.04</u>	<u>\$ 969.93</u>	<u>\$ 2,365.11</u>	

19					
20	Loan # 2, ACC Decision # 62951				
21					
22		Monthly	Interest	Principal	Loan
23	<u>Month</u>	<u>Payment</u>	<u>Expense</u>	<u>Payment</u>	<u>Balance</u>
24					\$ 8,584
25	1	\$ 231.60	\$ 75.11	\$ 156.49	\$ 8,428
26	2	\$ 231.60	\$ 73.74	\$ 157.86	\$ 8,270
27	3	\$ 231.60	\$ 72.36	\$ 159.24	\$ 8,110
28	4	\$ 231.60	\$ 70.97	\$ 160.63	\$ 7,950
29	5	\$ 231.60	\$ 69.56	\$ 162.04	\$ 7,788
30	6	\$ 231.60	\$ 68.14	\$ 163.46	\$ 7,624
31	7	\$ 231.60	\$ 66.71	\$ 164.89	\$ 7,459
32	8	\$ 231.60	\$ 65.27	\$ 166.33	\$ 7,293
33	9	\$ 231.60	\$ 63.81	\$ 167.79	\$ 7,125
34	10	\$ 231.60	\$ 62.35	\$ 169.25	\$ 6,956
35	11	\$ 231.60	\$ 60.87	\$ 170.74	\$ 6,785
36	12	\$ 231.60	\$ 59.37	\$ 172.23	\$ 6,613
37	Totals	<u>\$ 2,779.20</u>	<u>\$ 808.26</u>	<u>\$ 1,970.94</u>	

38 Subtotal of Interest  
39 Expense \$ 1,778.19 (Line 18 + 37, Col. 2)

41 Interest Expense on Meter Deposits  
42 \$4,260 x 6% = \$ 255.60  
43 Total Interest Expense \$ 2,033.79

44  
45 Computed Interest Expense 2,034  
46 Test Year Expense Interest \$ 2,243  
47 Reduction In Interest Expense **Adjustment (5)** (209)

Adjustment No. 5

48  
49 Income Taxes to reflect all adjustments and  
50 proposed rates **Adjustment (6)** \$ 1,733.35

Adjustment No. 6

51  
52

(a)

## CALCULATION OF DEPRECIATION EXPENSE

Acct. No.	Description	Original Cost	Depreciation Percentage	Depreciation Expense
		Column A	Column B	Column C*
301	Organization Cost	7,704	5.00%	385
302	Franchise Cost	3,075	5.00%	154
303	Land and Land Rights	-		-
304	Structures and Improvements	5,717	3.33%	190
307	Wells and Springs	17,078	5.00%	854
311	Electric Pumping Equipment	50,865	12.50%	6,358
320	Water Treatment Equipment	-		-
320.1	Water Treatment Plants	-		-
320.2	Solution Chemical Feeders	-		-
330	Distribution Reservoirs & Standpipe	39,668	2.22%	881
330.1	Storage Tanks	-	2.22%	-
330.2	Pressure Tanks	-	5.00%	-
331	Transmission and Distribution Mains	88,639	2.00%	1,773
333	Services	17,339	3.33%	577
334	Meters & Meter Installations	24,925	8.33%	2,076
335	Hydrants	-	2.00%	-
336	Backflow Prevention Devices	-	6.67%	-
339	Other Plant and Misc. Equipment	-	6.67%	-
340	Office Furniture and Fixtures	8,829	6.67%	589
340.1	Computers and Software	-	20.00%	-
341	Transportation Equipment	1,800	20.00%	360
343	Tools and Work Equipment	1,116	5.00%	56
344	Laboratory Equipment	-	10.00%	-
345	Power Operated Equipment	2,593	5.00%	130
345	Communications Equipment	633	10.00%	63
347	Miscellaneous Equipment	-	10.00%	-
348	Other Tangible Plant	1,105	10.00%	110
271	Contributions in Aid of Construction			
	18,135		5.37%	(974)
	<b>TOTAL WATER PLANT</b>	271,084		13,583

**Note: Use Test Year ending balances for Column 1, and approved depreciation rates from the prior rate case in column 2.**

(a) Uses Depreciation Rates normally allowed by ACC Engineering Staff.

\* Column C = Column A x Column B

**BALANCE SHEET**

Acct. No.		Balance at Beginning of Test Year	Balance at End of Test Year	Restated Balance at End of Test Year
<b>ASSETS</b>				
<b>CURRENT AND ACCRUED ASSETS</b>				
131	Cash	\$ 14,337	\$ 13,198	\$ 13,198
134	Working Funds			
135	Temporary Cash Investments			
141	Customer Accounts Receivable	5,385	4,407	4,407
	Provision for Uncollectibles	(10,390)	(10,390)	(10,390)
146	Notes/Receivables from Associated Companies			
151	Plant Materials & Supply Inventory	450	450	450
162	Prepayments			
174	Other Current & Accrued Assets	5,000	5,000	5,000
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>\$ 14,782</b>	<b>\$ 12,665</b>	<b>\$ 12,665</b>
<b>FIXED ASSETS</b>				
101	Utility Plant in Service	\$ 303,073	\$ 306,853	\$ 271,084 *
103	Property Held for Future Use			
105	Construction Work in Progress			
108	Accumulated Depreciation - Utility Plant ("AD- UP")	(195,615)	(207,221)	(204,122) **
121	Non-Utility Property			
122	Accumulated Depreciation - Utility Plant ("AD- NU")			
	<b>TOTAL FIXED ASSETS</b>	<b>\$ 107,458</b>	<b>\$ 99,632</b>	<b>\$ 66,962</b>
	<b>TOTAL ASSETS</b>	<b>\$ 122,240</b>	<b>\$ 112,297</b>	<b>\$ 79,627</b>

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

\*\* Most equal page 15, accumulated depreciation  
Accumulated Depreciation Adjusted.

**BALANCE SHEET (CONTINUED)**

Acct. No.	LIABILITIES	Balance at Beginning of Test Year	Balance at End of Test Year	Restated Balance at End of Test Year
	<b>CURRENT LIABILITIES</b>			
231	Accounts Payable			
232	Notes Payable (Current Portion)			
234	Notes/Accounts Payable to Associated Companies			
235	Meter Deposits	4,550	4,260	4,620
236	Accrued Taxes	5,387	5,215	5,215
237	Accrued Interest			
241	Miscellaneous Current and Accrued Liabilities			
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 9,937	\$ 9,475	\$ 9,835
	<b>LONG-TERM DEBT (Over 12 Months)</b>			
224	Long-Term Notes and Bonds	\$ 23,098	\$ 19,227	\$ 19,227
	<b>DEFERRED CREDITS</b>			
251	Unamortized Premium on Debt			
252	Advances in Aid of Construction	12,699	12,079	10,371 *
255	Accumulated Deferred Investment Tax Credits			
271	Gross Contributions in Aid of Construction	17,153	17,077	18,135
272	Less: Amortization of Contributions	(5,519)	(4,665)	(13,137) **
281	Accumulated Deferred Income Taxes			
	<b>TOTAL DEFERRED CREDITS</b>	\$ 24,333	\$ 24,492	\$ 15,370
	<b>TOTAL LIABILITIES</b>	\$ 57,368	\$ 53,194	\$ 44,432
	<b>CAPITAL ACCOUNTS</b>			
201	Common Stock	\$ 15,790	\$ 15,790	\$ 15,790
211	Paid in Capital	(790)	(790)	(790)
215	Retained Earnings	49,872	44,103	20,195
218	Proprietary Capital (Sole Props. And Partnerships)			
	<b>TOTAL CAPITAL</b>	\$ 64,872	\$ 59,103	\$ 35,195
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 122,240	\$ 112,297	\$ 79,627

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

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

\*\* Must equal page 25, Total Advances

Advances in Aid of Construction, Contributions in Aid of Construction ("CIAC"), Amortization of CIAC and Retained Earning adjusted.

**SUPPLEMENTAL FINANCIAL DATA**  
**Long-Term Debt 1**

	Loan #1*	Loan #2*	Loan #3*	Loan #4*
Date Issued	10/25/2000	10/25/2000		
Source of Loan	G. Busben			
Reason for Loan	Purchase Land	Purchase Plant		
Dollar Amount Issued	\$ 18,000	\$ 15,000		
Net Proceeds				
Amounting Outstanding				
Date of Maturity	3/1/2005	3/1/2005		
Interest Rate	10.50%	10.50%		
Current Year Interest				
Current Year Principal				
<b>Authorizty Granted by ACC Decision NO.</b>	62951	62951		

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 Deposits Balance - Test Year \$ 3,160.00

Meter Deposits Refunded During the Test Year \$ 620.00

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

**ADVANCES IN AID OF CONSTRUCTION (Acct. 252) 2**

		<b>Additions During Year</b>	<b>Refunds During Year</b>	
Balance Per Prior		N/A	N/A	
Decision	59304	765.00		
Year	1995		610.00	
Year	1996	635.00	140.00	
Year	1997	640.00	408.00	
Year	1998			
Year	1999			
Year	2000	3,120.00	140.00	
Year	2001	7,690.00	495.00	
Year	2002	1,600.00	620.00	
Year	2003		667.24	
Year	2004		620.00	
Year				
Year			<b>378.33</b>	<- Adjustment to Bring Advances balance to Amounted List on Next Page 24.a
Year				
Total of Additions		\$ 13,685	N/A	
Total of Refunds		N/A	\$ 4,079	
Total Advances in Aid of Construction		N/A	N/A	\$ 10,371 *

Note: Prior Decision refers to the balances per prior Staff Report as adjusted per the final Commission Decision.

\* Total Advances in Aid of Construction = Balance per Prior Decision + Total Additions - Total Refunds (cross reference this to the Balance Sheet on page 22)

2 Advance in Aid of Construction refers to the following:

- (1) Refundable amounts received from a new customer to cover the cost of a meter and piping from the building to the meter and the associated installation.
- (2) Refundable amounts received from a customer or a developer for mains, valves, fittings, and additions facilities required to provide pressure, storage, or water supply pursuant to a main extension agreement.

<b>RECONCILIATION OF METER DEPOSITS &amp; ADVANCES AS OF DECEMBER 31, 2004</b>	<b>AMOUNT OWED</b>
<u>Meter Installs</u>	
Jerry Bone	64.00
Tracey Tilley	25.00
Guadalupe Aguirre	63.00
Richard Gotarez	96.00
Habitat for Humanity	736.00
Alvaro Alvarez	160.00
Ramon Jimenez	128.00
Patricia Howard	192.00
Francisco Alvarez	192.00
Longhorn Grill	192.00
George Guest	192.00
Habitat for Humanity	672.00
Giuseppe Tummino	224.00
Nicole Bedard	224.00
Total Meter Deposits	<u>\$ 3,160.00</u>
<u>Main Extensions</u>	
Food Bank	<u>7,211.67</u>
Total Amount Owed @ 12/31/04	<u><u>\$ 10,371.67</u></u>



## 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 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 5. The bill sent out at the 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 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.*





























































## CUSTOMER NOTIFICATION

Lakewood Water Company has applied to the Arizona Corporation Commission for an adjustment in rates. The current rates have been in effect since

An increase in rates is necessary at this time due to the following increases  
**Increased expenses and Increased plant.**

Based on the Company's unaudited Test Year results, Lakewood Water Company realized an income of \$ (6,789)

The Company is requesting a revenue increase of \$ **18,897** or **20.09%** 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 Commission in Phoenix at 1200 West Washington Street, Phoenix, AZ 85007, or at the Company's offices at (Insert Company's address)

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 for a rate increase.

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 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 800-222-7000 (if located outside the Phoenix local calling area), or 602-542-4251 in the Phoenix local calling area. Customers may also contact the Tucson Commission office by calling 800-535-0148 (if located outside the Tucson local calling area) or 520-628-6555 in the Tucson local calling area.

Customers are advised that the Commission may act upon the Application for an increase in rates without a hearing. Regardless of whether a formal hearing is held, customer comments submitted in writing will be placed in the official file, which the Commission reviews prior to making its final decision on the Application. It is important that customers contact the Commission within 15 days of the receipt of this notice so that the Commission's Staff can consider customer comments and concerns in developing its recommendation to the Commission.

Company Name: Lakewood Water Company  
Effective Date:

Page 1 of 2  
Decision No.

### CROSS-CONNECTION OR BACKFLOW TARIFF

#### PURPOSE:

The purpose of this tariff is to protect Lakewood Water Company from the possibility of contamination caused by the backflow of contaminants that may be present on the customer's premises by requiring the installation and periodic testing of backflow-prevention assemblies pursuant to the provisions of Arizona Administrative Code (A.A.C.) R-14-2-405.B.6 and A.A.C. R18-4-115.

#### REQUIREMENT:

In compliance with the rules and regulations of the Arizona Corporation Commission and the Arizona Department of Environmental Quality, specifically A.A.C. R14-2-405.B.6 and A.A.C. R18-4-115 relating to backflow prevention:

1. The Company may require a customer to pay for and install a backflow-prevention assembly if A.A.C. R18-4-115 or C applies.
2. A backflow-prevention assembly required to be installed by the customer under paragraph 1 of this tariff shall comply with the requirements set forth in A.C.C. R18-4-115.D and E.
3. Subject to the provision of A.A.C. R14-2-407 and 410 and in accordance with paragraphs 1 and 7 of this tariff, Lakewood Water Company may terminate service or deny service to a customer who fails to install a backflow-prevention assembly as required by this tariff.
4. Lakewood Water Company shall give any existing customer who is required to install a backflow-prevention assembly written notice of said requirement. If A.A.C. R14-2-410.B1.a. is **not** applicable, the customer shall be given thirty (30) days in which to comply with this notice. If the customer can show good cause as to why she or he cannot install the device within thirty (30) days, Lakewood Water Company or Commission Staff may suspend this requirement for a reasonable period of time.

**CROSS-CONNECTION OR BACKFLOW TARIFF**

5. Testing shall be in conformance with the requirement of A.A.C. R18-4-115.F. Lakewood Water Company may require the customer to pay to have the backflow-prevention assembly tested as long as the Company does not require an unreasonable number of tests. Lakewood Water Company may also require the customer to pay for repairs to a backflow-prevention assembly.
6. The customer shall provide Lakewood Water Company, with records of installation and testing. For each backflow-prevention assembly, these records shall include:
  - a. assembly identification number and description;
  - b. location;
  - c. date(s) of test(s);
  - d. description of repairs and recommendations for repairs made by tester; and
  - e. the tester's name and certification number.
- 7A. In the event the backflow-prevention assembly does not function properly or fails any test, and an obvious hazard as contemplated under A.A.C. R14-2-410.B.1.a. exists, Lakewood Water Company may terminate service immediately and without notice. The backflow-prevention assembly shall be repaired or replaced by the customer and retested before service is restored.
- 8A. In the event the backflow-prevention assembly does not function properly or fails any test, or in the event that a customer fails to comply with the testing requirement, and A.A.C. R14-2-410.B.1.a. is **not** applicable, the backflow-prevention assembly shall be repaired or replaced within fourteen (14) days of the initial discovery of the deficiency in the assembly or its function. Failure to remedy the deficiency or dysfunction of the assembly, or failure to retest, shall be grounds for termination of water service in accordance with A.A.C. R14-2-410.

## TARIFF SCHEDULE

Lakewood Water Company  
Docket No.: U-1809-05  
Phone No.: 520-297-2185

Sheet No: 1 of 4  
Decision No.:  
Effective:

### CURTAILMENT PLAN FOR PONDEROSA UTILITY CORPORATION

ADEQ Public Water System No:

**Lakewood Water Company** ("Company") is authorized to curtail water service to all customers within its certificated area under the terms and conditions listed in this tariff.

This curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of the tariff.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

#### **Stage 1 Exists When:**

Company is able to maintain water storage in the system at 100 percent of capacity and there are no known problems with its well production or water storage in the system.

Restrictions: Under Stage 1, Company is deemed to be operating normally and no curtailment is necessary.

Notice Requirements: Under Stage 1, no notice is necessary.

#### **Stage 2 Exists When:**

- a. Company's water storage or well production has been less than 80 percent of capacity for at least 48 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 2, the Company may request the customers to voluntarily employ water conservation measures to reduce water consumption by approximately 50 percent. Outside watering should be limited to essential water, dividing outside watering on some uniform basis (such as even and odd days) and eliminating outside watering on weekends and holidays.

## TARIFF SCHEDULE

Lakewood Water Company  
Docket No.: U-1809-05  
Phone No.: 520-297-2185

Sheet No: 2 of 4  
Decision No.:  
Effective:

Notice Requirements: Under Stage 2, the Company is required to notify customers by delivering written notice door to door at each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.

### **Stage 3 Exists When:**

- a. Company's total water storage or well production has been less than 50 percent of capacity for at least 24 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 3, Company shall request the customers to voluntarily employ water conservation measures to reduce daily consumption by approximately 50 percent. All outside watering should be eliminated, except livestock, and indoor water conservation techniques should be employed whenever possible. Standpipe service shall be suspended.

### Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such Notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Beginning with Stage 3, Company shall post at least **12** signs showing the curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 3.

Once Stage 3 has been reached, the Company must begin to augment the supply of water by either hauling or through an emergency interconnect with an approved water supply in an attempt to maintain the curtailment at a level no higher than Stage 3 until a permanent solution has been implemented.

## TARIFF SCHEDULE

Lakewood Water Company  
Docket No.: U-1809-05  
Phone No.: 520-297-2185

Sheet No: 3 of 4  
Decision No.:  
Effective:

### Stage 4 Exists When:

- a. Company's total water storage or well production has been less than 25 percent of capacity for at least 12 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 4, Company shall inform the customers of a **mandatory** restriction to employ water conservation measures to reduce daily consumption. Failure to comply will result in customer disconnection. The following uses of water shall be prohibited:

- ◆ Irrigation of outdoor lawns, trees, shrubs, or any plant life is prohibited
- ◆ Washing of any vehicle is prohibited
- ◆ The use of water for dust control or any outdoor cleaning uses is prohibited
- ◆ The use of drip or misting systems of any kind is prohibited
- ◆ The filling of any swimming pool, spas, fountains or ornamental pools is prohibited
- ◆ The use of construction water is prohibited
- ◆ Restaurant patrons shall be served water only upon request
- ◆ Any other water intensive activity is prohibited

The Company's operation of its standpipe service is prohibited. The addition of new service lines and meter installations is prohibited.

### Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Company shall post at least **12** signs showing curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 4.

## TARIFF SCHEDULE

Lakewood Water Company  
Docket No.: U-1809-05  
Phone No.: 520-297-2185

Sheet No: 4 of 4  
Decision No.:  
Effective:

Once Stage 4 has been reached, the Company must augment the supply of water by hauling or through an emergency interconnect from an approved supply or must otherwise provide emergency drinking water for its customers until a permanent solution has been implemented.

Customers who fail to comply with the above restrictions will be given a written notice to end all outdoor use. Failure to comply within two (2) working days of receipt of the notice will result in temporary loss of service until an agreement can be made to end unauthorized use of outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees. If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

Company Name: Lakewood Water Company  
 Test Year Ended: December 31, 2004  
**Summary of Rate Filing / Not to be filed**

Rate Base	
Plant in Service	271,084
Less: Accumulated Depreciation	<u>(204,122)</u>
Net Plant	66,962

Less:	
Advances in Aid of Construction	(10,371)
Contributions in Aid of Construction - Net	(4,999)

Add:	
Working Capital for Oper. & Maint. Expense	9,028
Working Capital for Pumping Power	342
Rate Base	<u><u>60,963</u></u>

Required Rate of Return	<u><u>10.88%</u></u>
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Required Return (Rate of Return times Rate Base)	6,631
Adjusted Operating Income	<u>(8,390)</u>
Required Income In Operating Income	15,021
Revenue Conversion Factor	1.265
Rate Increase or Additional Revenues	<u>18,995</u>
Increased Revenues Per Bill Count	<u><u>18,897</u></u>

Cost of Capital

	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost
Debt	19,227	24.55%	10.50%	2.58%
Equity	59,103	75.45%	11.00%	8.30%
Total	<u><u>78,330</u></u>	<u><u>100.00%</u></u>		<u><u>10.88%</u></u>

**Lakewood Water Company**

**Bill Comparison of Present and Proposed Rates**

Customer Classification

Residential 5/8 Inch

Test Year Ended December 31, 2004

(Excludes all Revenue Related Taxes)

<u>Usage</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
-	\$ 12.00	\$ 12.00		0.00%
1,000	\$ 12.00	\$ 13.00	\$ 1.00	8.33%
2,000	\$ 13.00	\$ 14.00	\$ 1.00	7.69%
3,000	\$ 14.00	\$ 15.00	\$ 1.00	7.14%
4,000	\$ 15.00	\$ 16.00	\$ 1.00	6.67%
5,000	\$ 16.00	\$ 17.40	\$ 1.40	8.75%
6,000	\$ 17.00	\$ 18.80	\$ 1.80	10.59%
7,000	\$ 18.00	\$ 20.20	\$ 2.20	12.22%
8,000	\$ 19.00	\$ 21.60	\$ 2.60	13.68%
9,000	\$ 20.00	\$ 23.00	\$ 3.00	15.00%
10,000	\$ 21.00	\$ 24.40	\$ 3.40	16.19%
12,000	\$ 23.60	\$ 27.80	\$ 4.20	17.80%
14,000	\$ 26.20	\$ 31.20	\$ 5.00	19.08%
16,000	\$ 28.80	\$ 34.60	\$ 5.80	20.14%
18,000	\$ 31.40	\$ 38.00	\$ 6.60	21.02%
20,000	\$ 34.00	\$ 41.40	\$ 7.40	21.76%
25,000	\$ 40.50	\$ 49.90	\$ 9.40	23.21%
30,000	\$ 47.00	\$ 58.40	\$ 11.40	24.26%
35,000	\$ 53.50	\$ 66.90	\$ 13.40	25.05%
40,000	\$ 60.00	\$ 75.40	\$ 15.40	25.67%
50,000	\$ 73.00	\$ 92.40	\$ 19.40	26.58%
60,000	\$ 86.00	\$ 109.40	\$ 23.40	27.21%
70,000	\$ 99.00	\$ 126.40	\$ 27.40	27.68%
80,000	\$ 112.00	\$ 143.40	\$ 31.40	28.04%
90,000	\$ 125.00	\$ 160.40	\$ 35.40	28.32%
100,000	\$ 138.00	\$ 177.40	\$ 39.40	28.55%
120,000	\$ 164.00	\$ 211.40	\$ 47.40	28.90%
Average Usa	\$ -	\$ -	\$ -	0.00%
12,097	\$ 23.73	\$ 27.96	\$ 4.24	17.87%
Median Usage				
9,501	\$ 20.50	\$ 23.70	\$ 3.20	15.61%

**Present Rates:**

Monthly Minimum:	\$ 12.00
Gallons in Minimum	1,000
Charge Per 1,000 Gallons	
Up to 10000	\$ 1.00
Up to 10001	\$ 1.30
Over 10001	\$ 1.30

**Proposed Rates:**

	\$ -
Monthly Minimum:	\$ 12.00
Gallons in Minimum	\$ -
Charge Per 1,000 Gall	\$ -
Up to 4000	\$ 1.00
Up to 10000	\$ 1.40
Over 10001	\$ 1.70
Over 99999999	\$ 1.70