

ORIGINAL



0000073765

CORDES LAKES WATER COMPANY

~~U-2060~~ W-020604 -07-0256

INTRODUCTORY MESSAGE

Cordes Lakes Water Company was formed in 1974 to purchase the water systems owned by Queen Creek Land & Cattle, The two systems were Cordes Lakes, located near Cordes Junction Arizona, and the other was Verde Village located near the City of Cottonwood Arizona. Both systems were certified to serve only the subdivisions of the same name and owned by Queen Creek Land & Cattle. At the time of purchase there were approximately 330 customers in the two systems.

In 2004, the City of Cottonwood under threat of condemnation took over the all of the assets of the Verde Village System. The City requested that the Cordes Lakes Water Company continue to operate the Verde Village system until April 2005

Cordes Lakes Water Company last sought rate relief with a rate application submitted February 16, 1984. The Decision, #54526 was put into effect on June 1, 1985. At the time the Cordes system had 238 customers while the Verde Village system had 1125 customers.

On page 16 of the staff report dated December 4, 1984, the staff indicated that the rates being proposed (and eventually authorized) for the Cordes System would generate a rate of return of zero (0). During the hearing the staff testified that although the Company should be entitled to a higher rate, for the Cordes system, any higher rate than the rate proposed would result in hardships for the Cordes system customers. Further, the Verde Village proposal would generate adequate funds for the Company.

Over the past 20 years several discussions were held with rate consultants both inside and outside the Commission. The opinion of the consultants was that the Cordes system, on its own, could not get rate relief as long as the Verde system was growing so quickly

Therefore, with the loss of the revenue from the Verde System due to the condemnation, the Cordes System has had to exist with inadequate revenue since April 2005. We would appreciate consideration as soon as possible. Our establishment fees are very low, our NSF fee is less than we are charged, and we have no late fees to force more prompt payments. We are forced to send 7 to 10 percent of our customers delinquency letters each month adding \$50 to \$75 to our costs..

Arizona Corporation Commission
DOCKETED

JUN -7 2007

DOCKETED BY	MR
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AZ CORP COMMISSION
DOCKET CONTROL

2007 JUN -7 P 12:41

RECEIVED

CORDES LAKES WATER COMPANY

DOCKET NUMBER W-02060A-07-0256

ARIZONA DEPARTMENT OF REVENUE -- TAX CLEARANCE APPLICATION

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY -- MAPS
RECEIPT

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY -- COMPLIANCE
REPORT

WATER USE DATA SHEET

LABORATORY BILLS FOR COPPER, LEAD, BACTERIOLOGICAL TESTS,
NITRATE, CHLORINE

SAMPLE BILL

ANSWERS TO LIST OF DEFICIENCIES 05-23-07

Certificate of Compliance Letter of Good Standing

Cordes Lakes Water Company

This Certificate of Compliance is issued pursuant to Arizona Revised Statutes Section 42-1110 and/or Section 43-1151. It certifies that, according to department records, the above named taxpayer has filed and paid all taxes due under Title 42 and Title 43, specifically and only as to the following described tax types and identification/license numbers:

TAX TYPE

Federal Employer Identification Number
Transaction Privilege Tax License
Withholding License

IDENTIFICATION

86-0289532
3-008635-W
07-144301-V

This certification is made conditionally and is subject to the findings of any subsequent audit.

Issued To:

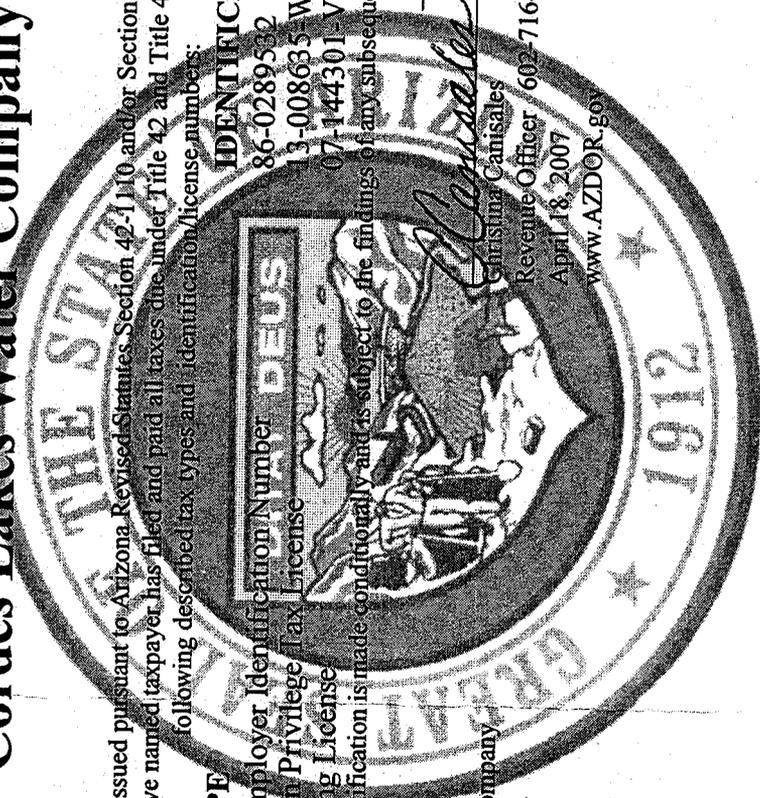
Cordes Lakes Water Company
Attn: Mr. Neil Folkman
PO Box 219
Tempe, AZ 85280

Christina Canisates

Revenue Officer / 602-716-6234

April 18, 2007

www.AZDOR.gov



CORDES LAKE WATER COMPANY
ADEQ

5061

Date	Type	Reference	Original Amt	Balance Due	Discount	Payment
11/13/2006	Bill		3,382.83	3,382.83		3,382.83
				Check Amount		3,382.83



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY MONITORING ASSISTANCE PROGRAM ANNUAL SAMPLING FEE INVOICE

* Pursuant to A.R.S. § 49-113, interest will be charged if full payment is not received by the specified due date. If you dispute the amount listed, please contact ADEQ as soon as possible. To reduce interest costs on an unpaid invoice, you may remit an amount that you believe is not in dispute. However, if nonpayment is due to willful neglect, you may suffer an additional five percent penalty of up to twenty-five percent of the amount due for each month or fraction of a month the amount is past due.

If you have any questions about your invoice, contact W. Scott Steinhagen at (602) 771-4445 or toll-free within Arizona at (800) 234-5677, extension 771-4445.

Pursuant to A.R.S. § 49-360 F and A.A.C. R18-4-224 through R18-4-226, "The director shall establish fees for the monitoring assistance program to be collected from all public water systems..."

Owner Id #: 11047	Invoice Number 63804
To: CORDES LAKE WATER COMPANY PO BOX 219 TEMPE, AZ 85280	Public Water System ID #: 13023
	Billing for Calendar Year: 2007
	Due Date: December 18, 2006
	Total Amount Due \$ 3,382.83
	Amount Paid \$

↑ Keep the top portion for your records. ↑ ADEQ Federal Tax #866004791

CORDES LAKES WATER COMPANY

P. O. BOX 219

Tempe, Arizona 85280

Telephone 480-966-5804

Fax 480-967-7857

May 24, 2007

Mr. Jim Puckett

Arizona Department of Environmental Quality

1110 W. Washington Street, 5415B-1

Phoenix, AZ 85007

Dear Mr. Puckett,

Pursuant to a request for a compliance statement to submit with a rate increase application, we received a statement of non-compliance (a copy of which is attached).

It appears from the report that non-compliance was based upon two bacteriological tests with positive results. An explanation:

The first series of tests occurred with an original sample taken on December 4, 2006. This sample showed positive results. As requires we then re-sampled up and downstream and the original location. This too resulted in a positive test. As a result of the second series of tests the system was chlorinated and a third series was run at locations required. This last series resulted in no positive tests. As a result of the entire series of test the Company was requires to notify the customers of the results and did so by publishing a statement in the most read in the Cordes Lakes area (a copy is attached).

The second positive test occurred on February 7, 2007, and was a single positive test on the original batch of three samples. As requires this was re-sampled at the location and upstream and downstream and no positive tests were detected. As a result no notification was required.

It should be noted that since the bacteriological tests that eventually resulted in customer notification occurred in 2006, a statement of the incident will be included in the 2006 Consumer Confidence Report that will be distributed to every customer with the May 2007 water bill.

We feel that the above two incidents that were indicated on the compliance status report you sent to us have been handled as required, we would appreciate if you would re-issue a new compliance report as soon as possible so we can proceed with a much needed rate increase.

Very truly yours,

Neil R. Folkman

Vice President

Arizona Department of Environmental Quality
Drinking Water Monitoring and Protection Unit
1110 W. Washington Street, 5415B-1
Phoenix, AZ 85007

Drinking Water Compliance Status Report

Public Water System Name: Cordes Lake Water Co.

Public Water System ID #: 13-023

Public Water System Type: Community Non-transient Non-community Transient Non-community

Overall Compliance Status: No Major Deficiencies Major Deficiencies

Monitoring and Reporting Status: No Major Deficiencies Major Deficiencies

Comments:

The ADEQ data base shows that this system has exceeded the MCL for total coliform on December 4, 2006.
The ADEQ data base also shows that this system has a positive total coliform analysis on February 5, 2007.

Operation and Maintenance Status: No Major Deficiencies Major Deficiencies

Comments:

Major unresolved/ongoing operation and maintenance deficiencies:

- | | |
|---|---|
| <input type="checkbox"/> unable to maintain 20psi | <input type="checkbox"/> inadequate storage |
| <input type="checkbox"/> cross connection/backflow problems | <input type="checkbox"/> surface water treatment rule |
| <input type="checkbox"/> treatment deficiencies | <input type="checkbox"/> approval of construction |
| <input type="checkbox"/> certified operator | <input type="checkbox"/> other |

Date of last inspection / sanitary survey: 9-16-04

Administrative Orders:

Is an ADEQ administrative order in effect? Yes No

Comments:

System information:

Number of Entry Points to the Distribution System 5 Number of Sources 4

Population Served 3050 Service Connections 1219 Initial Monitoring Year 1995

Evaluation completed by: **Jim Puckett**

Phone: 602-771-4649 **Date:** 4-10-07

Because of the previously identified exceedance, ADEQ has determined that this system is currently delivering water that does not meet water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. This compliance status report does not guarantee the water quality for this system in the future. This compliance status report does not reflect the status of any other water system owned by this utility company.

WATER USE DATA SHEET

NAME OF COMPANY	CORDES LAKES WATER Co
ADEQ Public Water System Number:	58 13-023

MONTH/YEAR (12 Months of Test Year)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)
1. JAN, 06	1288	4718	5213
2. FEB, 06	1280	5010	4596
3. MAR, 06	1298	4471	5147
4. APR 06	1303	5610	5981
5. MAY 06	1311	7522	8030
6. JUN 06	1317	8840	9496
7. JUL 06	1317	8296	10274
8. AUG 06	1332	6979	7293
9. SEP 06	1328	6740	7695
10. OCT 06	1330	5075	7079
11. NOV 06	1342	6294	5659
12. DEC 06	1342	7578	6017
TOTAL	NA	74,133	82,490 *

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

YES NO

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

YES NO

If Yes, please provide the GPCD amount: _____

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 the Engineering Supervisor at 602-542-7277.

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

Aerotech Environmental, Inc.

REMIT TO: **Aerotech Laboratories, Inc.**
 Dept. LA 22359
 Pasadena, CA 91185-2359
 TEL: (800) 651-4802

INVOICE

INV DATE: August 10, 2006
 Print DATE: August 10, 2006

Invoice No: 73032968

Invoice TO: Cordes Lakes Water & Berneil Water Company
 P.O. Box 219
 Tempe, AZ 85280

Attn: Don Ross
 Phone: (480) 947-5044

Work Order: 06070240

Order Name

PO Number:

Date Received 7/10/2006

Item	Remarks	Matrix	Qty	Unit Price	Mult	Quoted	Test Total
I-3 Metals by ICP/MS EPA 200.8		Aqueous	2	\$60.00		\$60.00	\$120.00
Bromate		Aqueous	1	\$80.00	1	\$80.00	\$80.00
Chloramines by SM 4500CL-G			1	\$60.00	1	\$60.00	\$60.00
Chlorine Dioxide by SM 4500CLO2			1	\$60.00	1	\$60.00	\$60.00
CHLORINE, Total Residual		Aqueous	1	\$25.00	1	\$25.00	\$25.00
CHLORITE			1	\$80.00	1	\$80.00	\$80.00
COLIFORM, Total		Drinking Wat	5	\$25.00	1	\$25.00	\$125.00
HAA5		Aqueous	1	\$230.00	1	\$230.00	\$230.00
Trihalomethanes		Drinking Wat	1	\$90.00	1	\$90.00	\$90.00

Subtotal: \$870.00

Discount: 0.00%

Surcharge: 0.00%

Misc Charges: \$0.00

Payment Received: \$0.00

INVOICE Total: \$870.00

Miscellaneous Comments:

All invoices are due and payable net 30 days. Payment must be received by the due date or any discount is void.
 We accept VISA, MC, AMEX and DISCOVER. To make payment please call 623.298.1038.

Aerotech Environmental. Inc.

REMIT TO: **Aerotech Laboratories, Inc.**
Dept. LA 22359
Pasadena, CA 91185-2359
TEL: (800) 651-4802

INVOICE

INV DATE: *October 17, 2006*
 Print DATE: *October 17, 2006*

Invoice No: 73035157

Invoice TO: **Cordes Lakes Water & Berneil Water Company**
P.O. Box 219
Tempe, AZ 85280

Client No. 1331

Attn: **Don Ross**
 Phone: **(928) 713-1959**

Work Order: **06100035**

Order Name

PO Number:

Date Received **10/2/2006**

Item	Remarks	Matrix	Qty	Unit Price	Mult	Quoted	Test Total
COLIFORM, Total		Drinking Wat	5	\$25.00	1	\$25.00	\$125.00
ICP/MS METALS, TOTAL RECOVERABLE		Aqueous	2	\$45.00	1	\$45.00	\$90.00

Subtotal: \$215.00

Discount: 0.00%

Surcharge: 0.00%

Misc Charges: \$0.00

Payment Received: \$0.00

INVOICE Total: \$215.00

Miscellaneous Comments:

All invoices are due and payable net 30 days. Payment must be received by the due date or any discount is void.
 We accept VISA, MC, AMEX and DISCOVER. To make payment please call 623.298.1038.

Aerotech Environmental, Inc.

REMIT TO: **Aerotech Laboratories, Inc.**
Dept. LA 22359
Pasadena, CA 91185-2359
TEL: (800) 651-4802

INVOICE

INV DATE: *June 12, 2006*
Print DATE: *June 12, 2006*

Invoice No: 73031087

Invoice TO: Cordes Lakes Water
P.O. Box 219
Tempe, AZ 85280

Attn: Don Ross
Phone: (480) 947-5044

Work Order: 06060135
PO Number:

Order Name 13-023
Date Received 6/5/2006

Item	Remarks	Matrix	Qty	Unit Price	Mult	Quoted	Test Total
ANIONS by ION CHROMATOGRAPHY		Groundwater	5	\$18.00	2	\$36.00	\$180.00
COLIFORM, Total		Drinking Wat	3	\$25.00	1	\$25.00	\$75.00

Subtotal: \$255.00
Discount: 0.00%
Surcharge: 0.00%
Misc Charges: \$0.00

Payment Received: \$0.00
INVOICE Total: \$255.00

Miscellaneous Comments:

All invoices are due and payable net 30 days. Payment must be received by the due date or any discount is void. We accept VISA, MC, AMEX and DISCOVER. To make payment please call 623.298.1038.

Aerotech Environmental, Inc.

REMIT TO: **Aerotech Laboratories, Inc.**
Dept. LA 22359
Pasadena, CA 91185-2359
TEL: (800) 651-4802

INVOICE

INV DATE: July 14, 2006
Print DATE: July 14, 2006

Invoice No: 73032156

Invoice TO: Cordes Lakes Water & Berneil Water Company
P.O. Box 219
Tempe, AZ 85280

Attn: Don Ross
Phone: (480) 947-5044

Work Order: 06061031 Order Name 13-023
PO Number: Date Received 6/29/2006

Item	Remarks	Matrix	Qty	Unit Price	Mult	Quoted	Test Total
Lead & Copper in Drinking Water		Drinking Wat	20	\$43.00	1	\$43.00	\$860.00

Subtotal: \$860.00
Discount: 0.00%
Surcharge: 0.00%
Misc Charges: \$0.00

Payment Received: \$0.00
INVOICE Total: \$860.00

Miscellaneous Comments:

All invoices are due and payable net 30 days. Payment must be received by the due date or any discount is void.
We accept VISA, MC, AMEX and DISCOVER. To make payment please call 623.298.1038.

CORDES LAKES WATER CO.

P O BOX 1207
EL CAJON CA 92022-1207

06/05/07 00010020-03

Service: (928) 632-5445

06/20/07 \$33.90

Jennifer & Louis Bell
20028 Horseshoe Ln
MAYER, AZ 86333-2319



Description	Meter Readings		Usage	Read Code	Readings Dates	
	Previous	Present			Previous	Present
Gallons	1370640	1379070	8430	Meter Rd.	4/26/2007	5/30/2007

Previous Balance	\$18.23
Payment - Check	(\$19.00)
Water Charge	\$32.55
Superfund Tax	\$0.05
Sales Tax	\$2.07

Last Payment Date 05/15/07 **Total Due** \$33.90

This bill is due and payable when rendered. Any amount not received in 15 days will be considered delinquent and subject to the company's termination procedure.

Lot # 3500

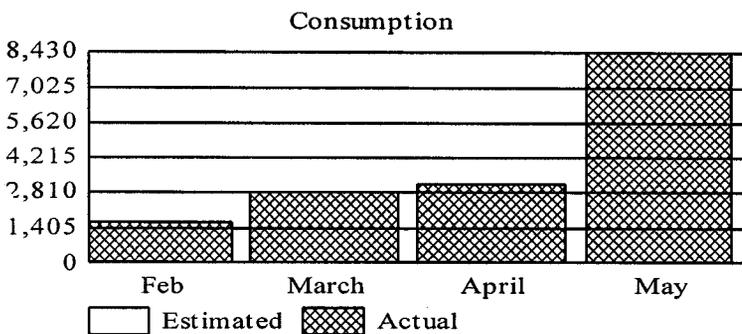
Jennifer & Louis Bell

20028 Horseshoe Ln

00010020-03 06/05/07

06/20/07

From 05/02/07 to 06/05/07 = 34 Days



CORDES LAKES WATER CO.

P O BOX 1207
EL CAJON CA 92022-1207
Service: (928) 632-5445

CORDES LAKES WATER COMPANY -- W-02060A-07-0256
LIST OF DEFICIENCIES ACC-MAY 23, 2007

1 The Company's sales account includes a number of factors in addition to metered sales. Among the major items

Sales tax	\$22,609
Hub Café	\$ 5,472
Misc revenue (estab, NSF, etc).	\$ 3,785
Balance meter deposits	\$ 2,710
Balance service deposits	\$ 8,120
Deposit refunds	(\$ 3,730)

There was also a charge of \$4685 included in revenue that technically is not part of Cordes revenue but is for income tax only.

2 The Company only has one rate no matter what size of meter installed. The Company has only five 1-in meters installed but does not track the customers with these meters because we have only one rate

3 The Company installs only 3/4 -short length meter. The 3/4-short length meter has a full 3/4 passage but has a laying length of 7-1/2 inch instead of the standard 9-inches. The use of a 3/4-short length meter provides less restriction than a 5/8x3/4 meter.

4. The Company ran out of money and had to take an advance from one of the stockholders. Further advances by stockholders have been made since that date. As we are losing money at the rate of \$2000-\$3000 per month in real dollars, we have only the option of advancing money or not paying our suppliers and our employees.

5. Fixed ..

6. Fixed

7. Fixed

8 Fixed

9. Schedule E-2 shows an expense deduction of \$669, 420 and A-2 shows a deduction \$670,096. The difference \$1486 is shown on schedule C.

10 The revenue for the years before the test year (2004 and 2005) contained some revenue from the City of Cottonwood for operations before and after the Verde Village condemnation. The expenses for 2004 and 2005 shown in schedule E-2 and A-2 have been estimated as they too, have large charges for operations involved with the City of Cottonwood condemnation that are impossible to separate out.

11. Interest shown on E-2 is \$549.00. The interest on A-2 is \$2500 higher. The difference shown on schedule C-1 is accrual for interest on director advance

12. Service charges for NSF checks were increased on October 24, 2006, to \$10.00 when National Bank increased the charge to us to \$10.00. We did not feel that we had to subsidize bad check writers. Interest had been paid since 1973, apparently we did not realize that it was omitted on the last rate tariff schedule.

13. As of February 19, 2007, all five points of entry have arsenic levels of <.003 per 2007 maps report

14. The Company does the following testing;

Bacteriological tests:	3 per month	\$ 25.00 per test
Nitrate tests	5 per year	\$ 36.00 per test
Lead & Copper	20 per year	\$ 43.00 per test
Maps	1 per year	\$3,382.83 per year

Extra bacteriological tests and a chlorine test was performed to correct a violation and to assure several new water lines were properly chlorinated. A new policy at Aerotech Environmental requires \$200 worth of tests per submittal, so it is necessary to submit samples at the same time as another Company to make the \$200 minimum.

15 The system does not chlorinate continuously. At this time we have chlorine pellet feeders attached to each well for emergencies. If money is available we hope to add continuous gas chlorination

16. Compliance report sent for. Result showed non-compliance for two bacteriological tests. Both were handled correctly. Sent info to State and requested a new compliance statement

CORDES LAKES WATER COMPANY

DOCKET # U-2060

SCHEDULES

CORDES LAKES WATER COMPANY
DOCKET # -- U-2060

NOTES TO SCHEDULES

Rental Expense: The Company maintains three offices. One office is located at Cordes Junction. This office handles all new signups, local collection of water bills, and onsite problems. A second office is located in EL Cajon California. This office was originally set up to handle the entire mailing of the Cordes and Verde System. The postal machines, post office box, and computer server are located here. All of the records and the books of the Company are kept in an office in Tempe. The Company paid \$44,200 in rental expense. Parts of these charges are in lieu of salaries. In discussions with realty agents a combined fair value for rentals would be \$25,200. An adjustment of \$19,000 is indicated on schedule C-1.

Employee Benefit Plan: The amount paid or accrued in 2006 was \$18,517. This sum includes \$6,514 which should have been accrued in 2005 and was reversed on schedule C-1

Billing Services: The Company pays approximately \$1.13 per bill for all of the operations in El Cajon. This includes supervision, a part-time employee, maintenance of the server, folding and inserting equipment, transportation and banking of receipts received in the mail. This amount was originally determined by the City of Cottonwood, when Cordes handled their account for 6 months after the condemnation.

Payroll: Several of the employees and officers are paid by more than one entity. To save money on payroll services, payroll taxes, and medical insurance, the payroll account is either charged or debited to reflect allocations. The Company pays three operators, one part time electrician and one clerical person on site at Cordes Junction. The total payroll for these employees is \$145,827. The company's senior operator works 90% outside of Cordes and 10% for the Company. Neil Folkman and Laurie Folkman (paid to Laurie Folkman by outside agreement) were paid \$20,800. Because of health insurance, both the senior operator and Laurie Folkman are paid by Cordes Lakes and rebated by the separate company. The combined rebate to Cordes is \$160,606. A total of \$8,447 is paid by the company for Bradley Folkman and outside clerical help. The rebates and payments to other companies include all payroll taxes, insurance, and profit sharing expenses and therefore do not exactly match with payroll results.

Land Transactions: The Company needs to drill a new well in the next few years. The parcels of land owned by the Company were not suitable for a new well due to adjacent septic systems or probable lack of success of obtaining water. The Company therefore sold two lots and purchased a third lot that meets the criteria for a new well. The transactions resulted in a one time net income of \$6,278.

Balance Sheet: Because of the 20-year life prescribed for depreciation by the Commission, it was assumed that all assets in place before 1986 are no longer in service. The exceptions for this are: tanks \$10,120, and water mains \$600,451. These remain on the books for account balancing purposes in a fully depreciated account. Certain other assets such as wells and services that existed before 1986 are not considered as existing.

The Hub Café: This is a commercial account that is in an area adjacent to the Cordes Lakes Subdivision. The property mostly consists of a McDonalds restaurant. The property uses an average of 155,000 gallons per month. All other commercial properties use very little water and are considered as if they were residential for rate purposes. A separate account of water used by The Hub Café and a separate proposed rate is shown for the property, as part of this rate increase. Various expansions including overnight lodging facilities have been proposed for this property but nothing is now pending.

Cottonwood and Division of Assets: The operation, and subsequent condemnation, of the Cottonwood systems required dividing certain assets that were carried on the books without designation as to system. The unassigned assets were divided to the best of our ability. Before the condemnation, one set of books was kept for tax purposes with real IRS allowed depreciation, and one set of books was kept for ACC annual report purposes with the artificial depreciation required. The Arizona Department of Revenue required separate reports for Cordes and Verde. The ADR report for Cordes was used as the base for determining the assets in this application.

CORDES LAKES WATER COMPANY -- U-2060
SCHEDULE A-1 -- COMPUTATION OF INCREASE IN GROSS REVENUE
REQUIREMENTS

Adjusted Rate Base	\$ 524,384
Adjusted Operating Income	\$ (116,109)
Current Rate of Return	\$ -
Required Operating Income	\$ 30,000
Required Rate of Return	5.7%
Operating Income Deficiency	\$ 146,109
Increase in Gross Revenue Requirements	\$ 146,109

CORDES LAKES WATER COMPANY -- U-2060
 SCHEDULE A-2 -- SUMMARY RESULTS OF OPERATIONS

	Test Year 12/31/04	Test Year 12/31/06	Test Year 12/31/06	Test Year 12/31/06	Projected Yr 12/31/07 Present Rates	Projected Yr 12/31/07 Proposed Rates
Gross Revenue	\$ 348,212	\$ 374,525	\$ 395,205	\$ 414,951	\$ 414,951	\$ 532,513
Payroll Reimbursement	\$ 44,334	\$ 41,245	\$ 160,606	\$ 170,242	\$ 170,242	\$ 170,242
Total Income	\$ 392,546	\$ 415,770	\$ 555,811	\$ 585,193	\$ 585,193	\$ 702,755
Deductions & Expenses	\$ 564,779	\$ 505,923	\$ 670,906	\$ 702,317	\$ 702,317	\$ 711,078
Operating Income	\$ (172,233)	\$ (90,153)	\$ (115,095)	\$ (117,124)	\$ (117,124)	\$ (8,323)
Interest Income	\$ 1,048	\$ 3,978	\$ 2,035	\$ -	\$ -	\$ -
Interest Expense	\$ -	\$ -	\$ (3,049)	\$ (5,549)	\$ (5,549)	\$ (5,549)
Net Income	\$ (171,185)	\$ (86,175)	\$ (116,109)	\$ (122,673)	\$ (122,673)	\$ (13,872)
Times Interest Earned			\$ -			

CORDES LAKES WATER COMPANY
SCHEDULE A-4 -- CONSTRUCTION EXPENDITURES AND
GROSS UTILITY PLANT IN SERVICE

Year	Construction Expenditures	Gross Plant In Service
2004	\$ 85,140	\$ 793,999
2005	\$ 51,280	\$ 845,279
2006	\$ 76,186	\$ 921,465
Projected 2007	\$ 29,500	\$ 950,965
Projected 2008	\$ 174,000	\$ 1,124,965
Projected 2009	\$ 71,000	\$ 1,195,965

CORDES LAKES WATER COMPANY --U-2060
SCHEDULE B1 -- SUMMARY OF ORIGINAL COST RATE BASE

Gross Utility Plant in Service	\$	921,465
Less: Accumulated Depreciation	\$	391,562
Net Utility Plant in Service	\$	529,903
Plus: Allowance for Working Capital	\$	56,226
Less: Service Deposits	\$	27,445
Less: Meter Advances	\$	34,300
Total Original Cost Rate Base	\$	524,384

CORDES LAKES WATER COMPANY
SCHEDULE B2 AMD B3 – PROFORMA ADJUSTMENTS

NO PROFORMA ADJUSTMENTS ARE BEING PRESENTED

CORDES LAKES WATER COMPANY -- U-2060
SCHEDULE B-5 ALLOWANCE FOR WORKING CAPITAL

1/24	ELECTRIC	\$	1,014
1/8	OPERATING & MAINTENANCE	\$	55,212
		\$	56,226

O & M calculated using total expenses (C-1)
less depreciation and electric.

CORDES LAKES WATER COMPANY -- U-2060
 SCHEDULE C1 -- ADJUSTED TEST YEAR INCOME STATEMENT

	Actual Test Year	Adjust	Test Year After Adjust
Sales			
Gross sales	\$ 395,205	\$ -	\$ 395,205
Payroll Reimbursement	\$ 160,606		\$ 160,606
Total Income	\$ 555,811		\$ 555,811
Operating Expenses			
Payroll	\$ 318,078	\$ 19,000	\$ 337,078
Supplies	\$ 15,339		\$ 15,339
Purchased Power	\$ 24,325		\$ 24,325
Repair & Maint	\$ 22,275		\$ 22,275
Employee Retire	\$ 18,517	\$ (6,514)	\$ 12,003
Accounting	\$ 2,475		\$ 2,475
Billing Service	\$ 18,002		\$ 18,002
Computer progr.	\$ 2,481		\$ 2,481
Engineering	\$ -		\$ -
Legal	\$ -		\$ -
Rate Case Exp	\$ -	\$ 8,000	\$ 8,000
Water Test	\$ 6,250		\$ 6,250
Rents	\$ 44,200	\$ (19,000)	\$ 25,200
Paid to other Co. for payroll	\$ 8,447		\$ 8,447
Trans Expense	\$ 17,432		\$ 17,432
Payroll Tax	\$ 33,875		\$ 33,875
Sales tax	\$ 22,609		\$ 22,609
Prop Taxes	\$ 20,206		\$ 20,206
Medical Insur	\$ 31,113		\$ 31,113
Liability Insur	\$ 6,456		\$ 6,456
Permits	\$ 2,040		\$ 2,040
Reg Expense	\$ 45		\$ 45
Travel	\$ 545		\$ 545
Utilities (ex elec)	\$ 8,917		\$ 8,917
Bank Charges	\$ 332		\$ 332
Payroll Service	\$ 1,182		\$ 1,182
Depreciation	\$ 44,279		\$ 44,279
Total Expenses	\$ 669,420	\$ 1,496	\$ 670,906
Operating Income	\$ (113,609)		\$ (115,095)
Interest Income			
Interest Income	\$ 2,035		\$ 2,035
Interest Exp	\$ (549)	\$ (2,500)	\$ (3,049)
Net inc land sale	\$ 6,278	\$ (6,278)	\$ -
Net Income	\$ (105,845)		\$ (116,109)

CORDES LAKES WATER COMPANY -- U-2060
PRO FORMA ADJUSTMENTS (C2)

Rate Case Expense		\$	8,000
Interest on Stockholder Loan		\$	2,500
Payroll		\$	19,000
Rentals		\$	(19,000)
Net Income Land sale			
Sold Lot 2910	\$	22,115	
Sold Lot 764	\$	19,343	
Purchased Lot	\$	(35,180)	
Net Receipts (land)		\$	6,278
Employee Retirement		\$	(6,514)

CORDES LAKES WATER COMPANY --U-2060
ADJUSTMENTS AS TO TAXES C-3

IT IS EXPECTED THAT NO TAXES WILL BE PAID IN
2007, 2008. 2009 DUE TO CARRY FORWARD LOSSES

CORDES LAKES WATER COMPANY --U-2060
SCHEDULE D-1 COST OF CAPITAL

ITEM	END OF TEST YEAR		END OF PROJECTED YEAR	
	AMT	RATE	AMT	RATE
Long Term Debt	0	0	\$ 55,000	5%
Service Deposit	\$ 27,445	6%	\$ 25,000	6%
Officers advance	\$ 50,000	5%	\$ 50,000	5%

CORDES LAKES WATER COMPANY -- U-2060

SCHEDULE E-1 -- COMPARATIVE BALANCE SHEET

	Prior Period 2004	Prior Period 2005	Test Year 12/31/2006
ASSETS			
Land	\$ 800	\$ 695	\$ 35,875
Pump Hse & Fence	\$ 15,609	\$ 15,609	\$ 15,609
Wells	\$ 138,895	\$ 138,895	\$ 138,895
Pumps	\$ 93,954	\$ 93,954	\$ 93,954
Tanks	\$ 265,387	\$ 265,387	\$ 265,387
Water Mains	\$ 50,864	\$ 54,824	\$ 60,753
Meters & Services	\$ 128,944	\$ 142,869	\$ 156,794
Vehicles	\$ 36,880	\$ 67,130	\$ 87,042
Backhoe	\$ 54,149	\$ 54,149	\$ 54,149
Computer	\$ 8,517	\$ 11,767	\$ 13,007
Total Plant in Service	\$ 793,999	\$ 845,279	\$ 921,465
Accum. Depreciation	\$ 323,895	\$ 365,807	\$ 391,562
Net Plant in Service	\$ 470,104	\$ 479,472	\$ 529,903
Cash & Current Assets	\$ 150,164	\$ 138,687	\$ 19,606
TOTAL ASSETS	\$ 620,268	\$ 618,159	\$ 549,509
LIABILITIES			
A/P Short Term	\$ 30,753	\$ 10,645	\$ 11,517
N/P Stockholders	\$ -	\$ 50,000	\$ 50,000
Service Deposits	\$ 35,565	\$ 22,465	\$ 27,445
Meter Advances	\$ 36,100	\$ 37,010	\$ 34,300
TOTAL LIABILITIES	\$ 102,418	\$ 120,120	\$ 123,262
CAPITAL			
Stock	\$ 50,000	\$ 50,000	\$ 50,000
Purchase Price Adj	\$ 423,339	\$ 423,339	\$ 423,339
Retained Earnings	\$ 44,511	\$ 24,700	\$ (47,092)
TOTAL CAPITAL	\$ 517,850	\$ 498,039	\$ 426,247
TOTAL LIAB. & CAP.	\$ 620,268	\$ 618,159	\$ 549,509
		\$ 618,159	\$ 549,509

CORDES LAKES WATER COMPANY -- U-2060				
SCHEDULE E-2 -- COMPARATIVE INCOME STATEMENT				
		Prior Year	Prior Year	Test Year
		Ending	Ending	Ending
		12/31/2004	12/31/2005	12/31/2006
461	Sales	\$ 348,212	\$ 374,525	\$ 395,205
601.4	Received for Cont. Labor	\$ 44,334	\$ 41,245	\$ 160,606
	TOTAL	\$ 392,546	\$ 415,770	\$ 555,811
Operating Expenses				
403	Depreciation	\$ 39,600	\$ 41,509	\$ 44,279
407	Property Taxes	\$ 45,058	\$ 20,472	\$ 20,206
408.1	Sales Tax	\$ 22,634	\$ 24,482	\$ 22,609
408.2	Payroll Taxes	\$ 15,250	\$ 16,493	\$ 33,875
601.1	Payroll	\$ 186,425	\$ 201,614	\$ 318,078
601.2	Contract Labor	\$ 21,000	\$ 5,194	\$ 8,447
601.3	Employee Benefits	\$ 7,069	\$ 7,645	\$ 18,517
615	Purchased Power	\$ 28,675	\$ 24,245	\$ 24,325
620	Repair & Maintenance	\$ 15,345	\$ 10,810	\$ 22,275
621	Supplies	\$ 16,215	\$ 18,130	\$ 15,339
630.1	Accounting	\$ 1,250	\$ 4,450	\$ 2,475
630.2	Billing Services	\$ 16,642	\$ 16,895	\$ 18,002
630.3	Computer Programming	\$ 3,083	\$ 3,659	\$ 2,481
630.4	Engineering	\$ 1,010	\$ 565	\$ -
630.5	Legal	\$ 2,400	\$ 333	\$ -
630.6	Management Contract	\$ 57,102	\$ 5,000	\$ -
635	Water Testing	\$ 2,393	\$ 5,780	\$ 6,250
641	Rents	\$ 28,700	\$ 28,700	\$ 44,200
650	Transportation Expense	\$ 3,724	\$ 13,257	\$ 17,432
657.1	Medical Insurance	\$ 20,000	\$ 22,155	\$ 31,113
657.2	Liability Insurance	\$ 18,821	\$ 18,500	\$ 6,456
675.1	Permits	\$ 500	\$ 1,750	\$ 2,040
675.2	Reg. Expense (ACC)	\$ 1,569	\$ 3,429	\$ 45
675.4	Travel	\$ 3,036	\$ 2,647	\$ 545
675.6	Utilities except Electric	\$ 5,965	\$ 7,127	\$ 8,917
675.7	Bank Charges	\$ 614	\$ 300	\$ 332
675.8	Payroll Services	\$ 699	\$ 782	\$ 1,182
	TOTAL EXPENSES	\$ 564,779	\$ 505,923	\$ 669,420
	OPERATING INCOME	\$ (172,233)	\$ (90,153)	\$ (113,609)
419	Interest Income	\$ 1,048	\$ 3,978	\$ 2,035
	Interest Expense			\$ (549)
	Net Inc.- Lot Transaction			\$ 6,278
	TOTAL INCOME/LOSS			\$ (105,845)

CORDES LAKES WATER COMPANY --U-2060				6/1/2007
SCHEDULE E-5 -- DETAIL OF UTILITY PLANT				
Description	End of test yr. 12/31/2006	Net Additions 2006	End of Prior yr. 12/31/2005	
Land	\$ 35,875	\$ 35,180	\$ 695	
Pump Hse. & Fences	\$ 15,609	\$ -	\$ 15,609	
Wells	\$ 138,895	\$ -	\$ 138,895	
Pumps	\$ 93,954	\$ -	\$ 93,954	
Tanks	\$ 265,387	\$ -	\$ 265,387	
Mains	\$ 60,753	\$ 5,929	\$ 54,824	
Meters & Services	\$ 156,794	\$ 13,925	\$ 142,869	
Trucks	\$ 87,042	\$ 16,796	\$ 70,246	
Backhoe	\$ 54,149	\$ -	\$ 54,149	
Computer	\$ 13,007	\$ 1,240	\$ 11,767	
Total Plant in Service	\$ 921,465	\$ 73,070	\$ 848,395	
Accum. Depreciation	\$ 391,562	\$ 44,123	\$ 347,283	
Net Plant in Service	\$ 529,903	\$ 28,947	\$ 501,112	
The above does not include fully depreciated amounts				
Tanks	\$ 10,120			
Mains	\$ 600,451			

CORDES LAKES WATER COMPANY --U-2060						
SCHEDULE -- E7 OPERATING STATISTICS						
			TEST YEAR		PRIOR YEAR	PRIOR YEAR
			12/31/2006		12/31/2005	12/31/2004
RESIDENTIAL			1342		1240	1192
CUSTOMERS						
RESIDENTIAL			69.36		66.54	70.63
USAGE (MILLION GALS)						
AVERAGE ANNUAL			51700		53,600	59,200
GALLONS / RESIDENTIAL						
CUSTOMERS						
AVERAGE ANNUAL			294		302	292
REVENUE / RESIDENTIAL						
CUSTOMER						
ELECTRIC COST \$			0.354		0.364	0.406
PER 1000 GALLONS						
HUB CAFÉ						
ANNUAL USAGE			1.86		2.15	1.85
(MILLION GALS)						

CORDES LAKES WATER COMPANY --U-2060
 SCHEDULE F-1 -- PROJECTED INCOME STATEMENT

	Test Year Ending 12/31/2006	Projected Year 12/31/2007 Present rate	Projected Year 12/31/2007 Proposed Rate
461 Sales (inc sales tax)	\$ 395,205	\$ 414,951	\$ 532,513
601.4 Received for Cont. Labor	\$ 160,606	\$ 170,242	\$ 170,242
TOTAL	\$ 555,811	\$ 585,193	\$ 702,755
Operating Expenses			
403 Depreciation	\$ 44,279	\$ 47,000	\$ 47,000
407 Property Taxes	\$ 20,206	\$ 24,000	\$ 24,000
408.1 Sales Tax	\$ 22,609	\$ 23,739	\$ 32,501
408.2 Payroll Taxes	\$ 33,875	\$ 35,569	\$ 35,569
601.1 Payroll	\$ 318,078	\$ 333,982	\$ 333,982
601.2 Contract Labor	\$ 8,447	\$ 8,447	\$ 8,447
601.3 Employee Benefits	\$ 18,517	\$ 19,443	\$ 19,443
615 Purchased Power	\$ 24,325	\$ 25,541	\$ 25,541
620 Repair & Maintenance	\$ 22,275	\$ 20,000	\$ 20,000
621 Supplies	\$ 15,339	\$ 16,106	\$ 16,106
630.1 Accounting	\$ 2,475	\$ 2,975	\$ 2,975
630.2 Billing Services	\$ 18,002	\$ 18,902	\$ 18,902
630.3 Computer Programming	\$ 2,481	\$ 4,500	\$ 4,500
630.4 Engineering	\$ -		\$ -
630.5 Legal	\$ -		\$ -
630.6 Management Contract	\$ -		\$ -
635 Water Testing	\$ 6,250	\$ 7,000	\$ 7,000
641 Rents	\$ 44,200	\$ 44,200	\$ 44,200
650 Transportation Expense	\$ 17,432	\$ 17,500	\$ 17,500
657.1 Medical Insurance	\$ 31,113	\$ 30,491	\$ 30,491
657.2 Liability Insurance	\$ 6,456	\$ 6,327	\$ 6,327
675.1 Permits	\$ 2,040	\$ 5,000	\$ 5,000
675.2 Reg. Expense (ACC)	\$ 45	\$ 45	\$ 45
675.4 Travel	\$ 545	\$ 500	\$ 500
675.6 Utilities except Electric	\$ 8,917	\$ 9,000	\$ 9,000
675.7 Bank Charges	\$ 332	\$ 800	\$ 800
675.8 Payroll Services	\$ 1,182	\$ 1,250	\$ 1,250
TOTAL EXPENSES	\$ 669,420	\$ 702,317	\$ 711,078
OPERATING INCOME	\$ (113,609)	\$ (117,124)	\$ (8,323)
419 Interest Income	\$ 2,035	\$ -	\$ -
Interest Expense	\$ (549)	\$ (5,549)	\$ (5,549)
Net Inc.- Lot Transaction	\$ 6,278	\$ -	\$ -
TOTAL INCOME/LOSS	\$ (105,845)	\$ (122,673)	\$ (13,872)

CORDES LAKES WATER COMPANY --U-2060					
SCHEDULE F-3 -- PROJECTED CONSTRUCTION					
		Test	Year Ending	Year Ending	Year Ending
		Year	12/31/2007	12/31/2008	12/31/2009
Land		\$ 35,180			
Pump Houses & Fences				\$ 16,000	
Wells				\$ 35,000	\$ 35,000
Pumps			\$ 6,000	\$ 12,500	\$ 5,000
Tanks				\$ 65,000	
				\$ 25,000	
Mains		\$ 5,929	\$ 5,000	\$ 5,000	
Meters & Services		\$ 13,925	\$ 14,000	\$ 14,000	\$ 14,000
Vehicles		\$ 16,796			\$ 17,000
Computer		\$ 1,240	\$ 4,500	\$ 1,500	

CORDES LAKES WATER COMPANY --U-2060
SCHEDULE F-4 -- ASSUMPTIONS USED IN PROJECTION

1	Customer Growth	40 per year
2	Inflation Rate	4.80%
3	Electric Rate Increase	8%
4	Construction Expenditures	New Well Lot # 1860 New Storage Lot # 1860 Pumps and Pressure System Lot # 1860 Refurbish well Lot # 970
5	Capital Changes	New Loan to cover wells and tanks
6	Liability Changes	
7	Finance Charges	Prime Rate

CORDES LAKES WATER COMPANY --U-2060
 SCHEDULE H-1 -- SUMMARY OF REVENUE PRESENT
 AND PROPOSED RATES

6/1/2007

Customer Classification	Revenue for Test Year		Increase
	Present Rate	Proposed Rate	Amt %
All Classes			
Bad Check Charge*	\$ 5.00	\$ 12.50	25%
Establishment Charge	\$ 5.00	\$ 25.00	400%
Establishment Charge -- After Hours	\$ 15.00	\$ 35.00	133%
Reconnect Charge for Delinquency	\$ 10.00	\$ 15.00	50%
Reconnect Charge for Delinquency After hours	\$ 20.00	\$ 25.00	50%
Reread (If original correct)	\$ 5.00	\$ 10.00	100%
Meter Test Removal and Transport only No charge if meter reads over 3% high	\$ 25.00	\$ 25.00	0%
Deferred Payment	\$ -	1.50%	N/A
Deposit Interest		6.00%	0%
Deposit Amount	\$ 35.00	Per Rule	
Re-establish within 12 months	\$ 25.00	#months times minimum fee	
Late Fee	\$ -	1.50%	N/A
Road cutting or boring Note over 90% of lots can be served from easements in rear.	\$ -	at actual cost	
Refundable Meter Advances			
3/4"		\$ 405	
1"		\$ 455	
1-1/2"		\$ 665	
2"		\$ 1,080	
3"		\$ 1,460	
4"		\$ 2,985	
6"		\$ 4,450	

The company has no 5/8x3/4 meters

*Since October 2006, the Company has charged \$10.00 for NSF fees. This is the amount that National Bank charges the company for NSF fees. The Company makes no profit on NSF checks.

CORDES LAKES WATER COMPANY -- U-2060
 SCHEDULE H-3 --- CHANGES IN REPRESENTATIVE
 RATE SCHEDULE

6/1/2007

Block	Present Rate	Present Excess / 1000 gal	Proposed Base	Proposed Excess / 1000 gal	Proposed Excess / 1000 gal
Residential and small commercial					
0-1000	\$ 11.00	\$ -	\$ 13.50	\$ -	
1000+	\$ 11.00	\$ 2.90	\$ 13.50	\$ 3.50	
20000+			\$ 13.50	\$ 3.50	\$ 4.10

Present Rate \$11.00 for 1st 1000 gallons
 \$2.90 for each 1000 gallons over 1000 gallons

Proposed Rate \$13.50 for 1st 1000 gallons
 \$3.50 for each 1000 gallons over 1000 gallons
 \$4.10 for each 1000 gallons over 20000 gallons

Large Commercial (usage over 100,000 gallons per month)

0-50,000	\$ 11.00	\$ 2.90	\$ 175.00		
50,000+	\$ 11.00	\$ 2.90	\$ 175.00	\$ 4.50	

CORDES LAKES WATER COMPANY -- U-2060						
SCHEDULE H-4-- TYPICAL BILL ANALYSIS						
USAGE	PRESENT		PROPOSED		INCREASE	%
	RATE		RATE			
0	\$ 11.00		\$ 13.50		\$ 2.50	22.73%
1000	\$ 11.00		\$ 13.50		\$ 2.50	22.73%
2000	\$ 13.90		\$ 17.00		\$ 3.10	22.30%
3000	\$ 16.80		\$ 20.50		\$ 3.70	22.02%
4000	\$ 19.70		\$ 24.00		\$ 4.30	21.83%
5000	\$ 22.60		\$ 27.50		\$ 4.90	21.68%
6000	\$ 25.50		\$ 31.00		\$ 5.50	21.57%
7000	\$ 28.40		\$ 34.50		\$ 6.10	21.48%
8000	\$ 31.30		\$ 38.00		\$ 6.70	21.41%
9000	\$ 34.20		\$ 41.50		\$ 7.30	21.35%
10000	\$ 37.10		\$ 45.00		\$ 7.90	21.29%
15000	\$ 51.60		\$ 62.50		\$ 10.90	21.12%
20000	\$ 66.10		\$ 80.00		\$ 13.90	21.03%
25000	\$ 80.60		\$ 100.50		\$ 19.90	24.69%
30000	\$ 95.10		\$ 121.00		\$ 25.90	27.23%
40000	\$ 124.10		\$ 162.00		\$ 37.90	30.54%
50000	\$ 153.10		\$ 203.00		\$ 49.90	32.59%
60000	\$ 182.10		\$ 244.00		\$ 61.90	33.99%
100000	\$ 298.10		\$ 408.00		\$ 109.90	36.87%
1/2 MONTH	\$ 5.50		\$ 6.75		\$ 1.25	22.73%

CORDES LAKES WATER COMPANY -- U-2060 6/1/2007

SCHEDULE H:5 -- BILL COUNT

Block Usage	Bill Count	Cumulative Bills		Cumulative Amount	Consumption % Total
		No.	%Total		
0	1199	1199	7.6%	0	0.0%
0-1	2197	3396	21.5%	1104	1.5%
1-2	2121	5517	34.9%	4286	5.8%
2-3	2116	7633	48.3%	9576	13.0%
3-4	1786	9419	59.6%	15827	21.6%
4-5	1495	10914	69.0%	22554	30.7%
5-6	1114	12028	76.1%	28681	39.1%
6-7	831	12859	81.3%	34083	46.4%
7-8	613	13472	85.2%	38680	52.7%
8-9	399	13871	87.7%	42072	57.3%
9-10	369	14240	90.0%	45577	62.1%
10-11	271	14511	91.8%	48423	66.0%
11-12	200	14711	93.0%	50723	69.1%
12-13	156	14867	94.0%	52673	71.7%
13-14	140	15007	94.9%	54563	74.3%
14-15	134	15141	95.7%	56506	77.0%
15-16	92	15233	96.3%	57932	78.9%
16-17	81	15314	96.8%	59268	80.7%
17-18	63	15377	97.2%	60371	82.2%
18-19	53	15430	97.6%	61351	83.6%
19-20	41	15471	97.8%	62151	84.7%
20-25	168	15639	98.9%	65931	89.8%
25-30	47	15686	99.2%	67223	91.6%
30-40	58	15744	99.6%	69253	94.3%
40-50	32	15776	99.8%	70693	96.3%
50-75	27	15803	99.9%	72381	98.6%
75-100	9	15812	100.0%	73168	99.7%
100+	2	15814	100.0%	73418	100.0%
	15814				
		AVERAGE CUSTOMERS			1318
		AVERAGE CONSUMPTION			2200
		MEDIAN CONSUMPTION			6560

Note: All of the Company's meters are 3/4 short length with the exception of 3-in turbines on our wells and 5 one-inch meters. No breakdown is presented for the one-inch meters as we have only one rate. A discussion of meter size is presented in the opening comments

CORDES LAKES WATER COMPANY

DOCKET # U-2060

WATER COMPANY PLANT DESCRIPTION

Company Name: <u>CORNER CAGES WATER</u>	Test Year Ended: <u>12-31-06</u>
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WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (inches)	Meter Size (inches)	Year Drilled
<u>55-690346</u>	<u>7 1/2</u>	<u>214</u>	<u>404</u>	<u>14</u>	<u>3</u>	<u>1972</u>
<u>55-518196</u>	<u>7 1/2</u>	<u>200</u>	<u>500</u>	<u>8</u>	<u>3</u>	
<u>55-609234</u>	<u>2</u>	<u>50</u>	<u>535</u>	<u>6</u>	<u>3</u>	
<u>55-609347</u>	<u>7 1/2</u>	<u>215</u>	<u>500</u>	<u>12</u>	<u>3</u>	
<u>55-565855</u>	<u>7 1/2</u>	<u>310</u>	<u>343</u>	<u>10</u>	<u>3</u>	

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS

Horsepower	Quantity
<u>7 1/2</u>	<u>8</u>
<u>5</u>	<u>5</u>
<u>10</u>	<u>2</u>
<u>2 1/2</u>	<u>1</u>

FIRE HYDRANTS

Quantity Standard	Quantity Other
<u>0</u>	

STORAGE TANKS

Capacity	Quantity
<u>100,000</u>	<u>1</u>
<u>45,000</u>	<u>2</u>
<u>30,000</u>	<u>2</u>
<u>16,000</u>	<u>1</u>

PRESSURE TANKS

Capacity	Quantity
<u>5000</u>	<u>4</u>
<u>3000</u>	<u>1</u>

Company Name: CORONA CITIES WATER Test Year Ended: 12-31-06

WATER COMPANY PLANT DESCRIPTION CONTINUED

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4	DVC	168,100
5		
6	PVC	230,040
8		
10		
12		
6	DI	160

CUSTOMER METERS

Size (in inches)	Quantity
5/8 x 3/4	
3/4	1401
1	5
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	
TURBO 3	6

For the following three items, please list the utility owned assets in each category.

TREATMENT EQUIPMENT:

EMERGENCY CHLORINATORS - 6

STRUCTURES:

PUMP HOUSES - CONCRETE BLOCK OR WOOD
AT EACH WELL SITE

OTHER:

CORDES LAKES WATER COMPANY

DOCKET # U-2060

WATER COMPANY RATE REVIEW

**Class C, D & E Water Company
Rate Review Form**



Arizona Corporation Commission

Utilities Division

Ernest G. Johnson, Esq., Director

Revised April 24, 2002

**CLASS C, D & E WATER COMPANY RATE REVIEW
INSTRUCTIONS**

Complete Schedules 1, 2 and 3 with information from the most recent twelve-month period available. Enclose a Certificate of Tax Clearance issued by the Arizona Department of Revenue. The Certificate can be obtained from the Arizona Department of Revenue using the attached form.

Please call the Chief of the Financial and Regulatory Analysis Section, Utilities Division, for questions about this form (602-542-0743).

Return the completed forms and the Certificate to the following:

Compliance Officer
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Company name: CORDES LAKES WATER

Schedule 1

Docket No./Decision No.: _____

Period Ending: 12-31-06

**CLASS C, D & E WATER COMPANY RATE REVIEW
STATEMENT OF NET INCOME**

Acct. No.			
OPERATING REVENUES			
461	Metered Water Revenue	347,652	
460	Unmetered Water Revenue	38,966	
474	Other Water Revenues	169,193	
	TOTAL OPERATING REVENUE		\$ 555,811
OPERATING EXPENSES			
601-603	Salaries and Wages	357,528	
610	Purchased Water		
615	Purchased Power	24,325	
618	Chemicals		
620	Materials & Supplies; repairs and maintenance	22,275	
621	Office Supplies and Expense	15,339	
630-636	Outside Services	32,472	
635	Water Testing	6,250	
640	Rents	25,200	
650	Transportation Expenses	17,432	
655	Insurance Expense	37,569	
665	Regulatory Commission Expenses - per last rate case	45	
675	Miscellaneous Expenses	11,502	
403	Depreciation Expense	44,279	
408	Taxes Other Than Income; property tax	76,880	
409	Income Tax		
	TOTAL OPERATING EXPENSE		\$ 670,906
	OPERATING INCOME/(LOSS)		\$ <115,095>
OTHER INCOME/(DEDUCTIONS)			
419	Interest and Dividend Income	2,035	
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	<3,049>	
	TOTAL OTHER INCOME/(EXPENSE)		\$ <1,014>
	NET INCOME/(LOSS)		\$ <116,109>

Company name: CORDES LAKES WATER

Schedule 2

Docket No./Decision No.: _____

Period Ending: 12-31-06

**CLASS C, D & E WATER COMPANY RATE REVIEW
BALANCE SHEET**

Acct. No.	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	19,606	
124	Utility Investments		
141	Customer Accounts Receivable		
146	Notes Receivable from Associated Companies*		
151	Plant Material and Supplies		
174	Miscellaneous Current and Accrued Assets; prepayments		
	TOTAL CURRENT AND ACCRUED ASSETS		\$ 19,606
	FIXED ASSETS		
101	Utility Plant in Service	921,465	
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Less Accumulated Depreciation – Utility Plant	391,522	
121	Non-Utility Property		
122	Less Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS		\$ 529,903
	TOTAL ASSETS		\$ 549,509

* Indicates a Class A account included here for convenience

Company name: CORDES LAKES WATER CO

Schedule 2
(Continued)

Docket No./Decision No.: _____

Period Ending: 12-31-06

**WATER COMPANY RATE REVIEW
BALANCE SHEET (Continued)**

Acct. No.	LIABILITIES and EQUITY		
CURRENT LIABILITIES			
231	Accounts Payable	11,517	
232	Notes Payable	50,000	
235	Customer Deposits	61,745	
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES		
LONG-TERM DEBT (Over 12 Months)			
224	Long-Term Debt (indicate separately if any debt is payable to associated companies)		\$
DEFERRED CREDITS			
252	Advances for Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281-283	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS		\$
	TOTAL LIABILITIES		\$ 123,262
EQUITY			
201	Common Stock Issued	50,000	
204	Preferred Stock Issued - PURCH. PRICE ADJ	423,339	
211	Other Paid-In Capital		
215	Retained Earnings	(47,092)	
218	Proprietary Capital (for sole props. and partnerships)		
	TOTAL EQUITY		\$ 426,247
	TOTAL LIABILITIES AND EQUITY		\$ 549,509

Company name: CORDES LAKES WATER

Schedule 3

Docket No./Decision No.: _____

Period Ending: 12-31-07

**WATER COMPANY RATE REVIEW
STATEMENT OF RATE BASE**

Line No.	ACCOUNT DESCRIPTION		
1	PLANT		
2	Plant in Service	921,465	
3	Less: Accumulated Depreciation	391,562	
4	NET PLANT		\$ 529,903
5			
6	ADDITIONS/DEDUCTIONS		
7	<i>Advances (-)</i>		
8	Plant Advances		
9	Service Line & Meter Advances	61,745	
10	TOTAL ADVANCES		\$ 61,745
11			
12	<i>Contributions (-)</i>		
13	Gross Contributions		
14	Less: Amortization of Contributions		
15	TOTAL NET CONTRIBUTIONS		\$
16			
17	<i>Working Capital(+)</i>		
18	1/24 of Purchased Power Expense	1014	
19	1/8 Operations & Maintenance expense	55,212	
20	Inventory		
21	Prepayments		
22	TOTAL WORKING CAPITAL		\$ 56,226
23			
24	TOTAL ADDITIONS & DEDUCTIONS		\$ <5519>
25			
26	RATE BASE		\$ 524,384

Company name: CORDES LAKES WATER CO

Schedule 4

Docket No./Decision No.: _____

Period Ending: 12-31-07

**WATER COMPANY RATE REVIEW
SUMMARY OF RESULTS**

Line No.		
1	PROFITABILITY RATIOS	
2	REGULATED PROFIT (Operating Income minus Interest Expense)	\$ <u><1151095></u>
3	RETURN ON EQUITY (Regulated Profit/Equity)	%
4	RATE OF RETURN (Operating Income/Rate Base)	%
5	OPERATING MARGIN (Operating Income/Total Operating Revenue)	%
6		
7	FINANCIAL INTEGRITY RATIOS	
8	DEBT SERVICE COVERAGE RATIO ((Operating Income + Depreciation Expense + Tax Expense)/[Interest Expense + Debt Principle Repayments])	
9	TIMES INTEREST EARNED RATIO ((Operating Income + Tax Expense)/Interest Expense)	
10	EBITDA COVERAGE RATIO ((Operating Income + Depreciation Expense + Tax Expense)/[Interest Expense])	

**WATER COMPANY RATE REVIEW
ADDITIONAL INFORMATION**

Test Year of last rate case	<u>1983 (DECISION 1985)</u>
Decision number of last rate case	<u>54526</u>
Rate base used in last rate case	<u>637,395</u>
Number of customers used in last rate case	<u>255</u>
Current number of customers	<u>1318</u>

CORDES LAKES WATER COMPANY

DOCKET # U-2060

WATER COMPANY PLANT DESCRIPTION - DETAIL

LISTED BY DWR SYSTEM NUMBER
&
PLANT LOCATION

CORDES LAKES WATER COMPANY		SYSTEM ASSETS		
SYSTEM NUMBER	13-023			
DWR #	55-690346			
POE #	1			
MAP LOCATION				
PID #				
LOT #	970			
ADDRESS	20452 E ANTELOPE			
STORAGE TANK	2 @ 45,000 GAL			
PRESS. TANK	1 @ 2000 GAL			
METER SIZE	3-INCH			
WELL SIZE	6-INCH			
WELL DEPTH	404 FEET			
WELL CASING	14-INCH			
CASING DEPTH	UNKNOWN			
STATIC LEVEL	95-FEET			
DRAW DOWN	179-FEET			
PUMP CAPACITY	65 GPM			
PUMPS WELL	1 @ 7-1/2 HP			
BOOSTER PUMPS	2 @ 7-1/2 HP			
AIR COMPRESSOR	1 @ 1/3 HP			
POWER	230 VOLTS			
ROTO PHASE	NONE			
PUMP HOUSE	8 X 8 WOOD			
FIRE HYDRANT	2-1/2 IN JONES HD			
FENCING	374-FT CHAIN LINK			

CORDES LAKES WATER COMPANY		SYSTEM ASSETS	
SYSTEM NUMBER	13-023		
DWR #	55-518196		
POE #	2		
MAP LOCATION			
PID #	500-32-486		
LOT #	2935		
ADDRESS	15646 S BLACK MT		
STORAGE TANK	1 @ 30,000 GAL		
PRESS. TANK	1 @ 5,000 GAL		
METER SIZE	3-INCH		
WELL SIZE	8-INCH		
WELL DEPTH	380-FEET		
WELL CASING	8-INCH		
CASING DEPTH	380-FEET		
STATIC LEVEL	89- FEET		
DRAW DOWN	UNKNOWN		
PUMP CAPACITY	95 GPM		
PUMPS WELL	1 @ 7-1/2 HP		
BOOSTER PUMPS	2 @ 7-1/2 HP		
AIR COMPRESSOR	1 @ 1/3 HP		
POWER	230 VOLT SINGLE		
ROTO PHASE	NONE		
PUMP HOUSE	8 X 8 BLOCK		
FIRE HYDRANT	1 STANDARD		
FENCING	178-FT CHAIN LINK		

CORDES LAKES WATER COMPANY		SYSTEM ASSETS	
SYSTEM NUMBER	13-023		
DWR #	55-609234		
POE #	3		
MAP LOCATION			
PID #			
LOT #	844		
ADDRESS	16410 E ANTELOPE		
STORAGE TANK	1 @ 16,000 GAL		
PRESS. TANK	1 @ 3,000 GAL		
METER SIZE	3-INCH		
WELL SIZE	6-INCH		
WELL DEPTH	555 FEET		
WELL CASING	6-INCH		
CASING DEPTH	343 FEET		
STATIC LEVEL	56 FEET		
DRAW DOWN	500 FEET		
PUMP CAPACITY	12 GPM		
PUMPS WELL	1 @ 2 HP		
BOOSTER PUMPS	2 @ 5 HP		
AIR COMPRESSOR	1 @ 1.3 HP		
POWER	230 V SINGLE		
ROTO PHASE	NONE		
PUMP HOUSE	10 X 12 WOOD		
FIRE HYDRANT	NONE		
FENCING	104 FT CHAIN LINK		

CORDES LAKES WATER COMPANY		SYSTEM ASSETS	
SYSTEM NUMBER	13-023		
DWR #	55-609347		
POE #	4		
MAP LOCATION			
PID #			
LOT #	2378		
ADDRESS	20534 E NAVAJO		
STORAGE TANK	1 @ 30,000 GAL		
PRESS. TANK	1 @ 5,000 GAL		
METER SIZW	3-INCH		
WELL SIZE	12-INCH		
WELL DEPTH	500 FEET		
WELL CASING	12-INCH		
CASING DEPTH	500 FEET		
STATIC LEVEL	64 FEET		
DRAW DOWN	115 FEET		
PUMP CAPACITY	94 GPM		
PUMPS WELL	1 @ 7-1/2 HP		
BOOSTER PUMPS	2 @ 10 HP		
AIR COMPRESSOR	1 @ 1.3 HP		
POWER	230 V SINGLE		
ROTO PHASE	YES		
PUMP HOUSE	12 X 12 BLOCK		
FIRE HYDRANT	2-1/2 JONES HEAD		
FENCING	304 FT CHAIN LINK		

CORDES LAKES WATER COMPANY		SYSTEM ASSETS	
SYSTEM NUMBER	13-023		
DWR #	55-565855		
POE #	5		
MAP LOCATION			
PID #			
LOT #	405		
ADDRESS	16410 IND BEND		
STORAGE TANK	1 @ 100,000 GAL		
PRESS. TANK	1 @ 5,000 GAL		
METER SIZW	3-INCH		
WELL SIZE	10-INCH		
WELL DEPTH	550 FEET		
WELL CASING	10-INCH		
CASING DEPTH	343 FEET		
STATIC LEVEL	90 FEET		
DRAW DOWN	187 FEET		
PUMP CAPACITY	54 FEET		
PUMPS WELL	1 @ 7-1/2 HP		
BOOSTER PUMPS	2 @ 7-1/2 HP		
AIR COMPRESSOR	1 @ 1.3 HP		
POWER	230 V SINGLE		
ROTO PHASE	NONE		
PUMP HOUSE	8 X 8 WOOD		
FIRE HYDRANT	NONE		
FENCING	444 FT CHAIN LINK		

CORDES LAKES WATER COMPANY		SYSTEM ASSETS	
SYSTEM NUMBER	13-023		
DWR #	BOOSTER ONLY		
POE #	N/A		
MAP LOCATION	ANTELOPE - 6		
PID #			
LOT #	TRACT A		
ADDRESS	E ANTELOPE DR		
STORAGE TANK	NONE		
PRESS. TANK	2 @ 100 GAL		
METER SIZE	NONE		
WELL SIZE	N/A		
WELL DEPTH	N/A		
WELL CASING	N/A		
CASING DEPTH	N/A		
STATIC LEVEL	N/A		
DRAW DOWN	N/A		
PUMP CAPACITY	N/A		
PUMPS WELL	NONE		
BOOSTER PUMPS	1 @ 2HP--1@ 5HP		
AIR COMPRESSOR	NONE		
POWER	230 VOLT SINGLE		
ROTO PHASE	NONE		
PUMP HOUSE	NONE		
FIRE HYDRANT	NONE		
FENCING	50 FT CHAIN LINK		

CORDES LAKES WATER COMPANY		SYSTEM ASSETS	
SYSTEM NUMBER	13-023		
DWR #	BOOSTER ONLY		
POE #	N/A		
MAP LOCATION	King Dr-7		
PID #			
LOT #	1545		
ADDRESS	S KING DR		
STORAGE TANK	NONE		
PRESS. TANK	1 @ 500 GAL		
METER SIZE	NONE		
WELL SIZE	N/A		
WELL DEPTH	N/A		
WELL CASING	N/A		
CASING DEPTH	N/A		
STATIC LEVEL	N/A		
DRAW DOWN	N/A		
PUMP CAPACITY	N/A		
PUMPS WELL	NONE		
BOOSTER PUMPS	1 @ 5HP-1@ 7-1/2HP		
AIR COMPRESSOR	1 @ 1/3 HP		
POWER	230 VOLT SINGLE		
ROTO PHASE	NONE		
PUMP HOUSE	NONE		
FIRE HYDRANT	NONE		
FENCING	52 FT CHAIN LINK		

CORDES LAKES WATER COMPANY		SYSTEM ASSETS	
SYSTEM NUMBER	13-023		
DWR #	BOOSTER ONLY		
POE #	N/A		
MAP LOCATION	MOON MTN-8		
PID #			
LOT #	2115		
ADDRESS	19614 MOON MTN		
STORAGE TANK	NONE		
PRESS. TANK	3 @ 100 GAL		
METER SIZE	NONE		
WELL SIZE	N/A		
WELL DEPTH	N/A		
WELL CASING	N/A		
CASING DEPTH	N/A		
STATIC LEVEL	N/A		
DRAW DOWN	N/A		
PUMP CAPACITY	N/A		
PUMPS WELL	NONE		
BOOSTER PUMPS	1 @ 5HP-1@ 7-1/2HP		
AIR COMPRESSOR	NONE		
POWER	230 VOLT SINGLE		
ROTO PHASE	NONE		
PUMP HOUSE	NONE		
FIRE HYDRANT	NONE		
FENCING	68 FT CHAIN LINK		