



RECEIVED

2007 JUL 26 A 9:47

AZ CORP COMMISSION
DOCKET CONTROL



I-02274A-07-0357 ²⁸⁰⁰
Response to Insufficiency
Letter

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

Verde West Irrigation
UTILITY NAME

Arizona Corporation Commission
DOCKETED
JUL 26 2007

12-31-06
TEST YEAR ENDED

DOCKETED BY

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

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

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

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

TABLE OF CONTENTS

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

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

- NA* *Drinking water* 1. The Arizona Department of Environmental Quality ("ADEQ") 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.
- not included in packet* 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.)
- NA* *Drinking water* 3. The utility's most recent ADEQ annual sampling fee invoice for its Monitoring Assistance Program.
- NA* 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 13.

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 Wages expense. (Acct. 601)
6. Invoices for Purchased Water during the Test Year. (Acct. 610)
7. Invoices for Purchased Power during the Test Year. (Acct. 615) *APS Bill*
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)
11. 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 this notice, together with a **notarized** cover letter stating the method of customer notification and the date the notification was sent to the customers, **must** accompany the application form.

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

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

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

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

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

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

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

NARRATIVE DESCRIPTION OF APPLICATION FOR RATE ADJUSTMENT

Instructions:

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

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

The irrigation company's last rate increase was in 1986 and operating expenses have increased significantly over the last 20 years. Revenue has not increased over that time because all the subdivisions are built out and there hasn't been any new customer hookups.

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

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

Expenses for the repair and replacement of system assets have increased due to both ageing and major flood damage.
Operator wages are now being paid by the company.

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

- Anticipated construction
Please explain:

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

Other factors
Please explain:

Attach additional pages as necessary.

Company Name: Verde West Irrigation	Test Year Ended: 12/31/06
----------------------------------------	------------------------------

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 corporations (LLCs), as well as common ownership of a water company and another entity, such as a development company or wastewater company.

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

YES NO

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

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

YES NO

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

STATEMENTS IN SUPPORT OF RATE REQUEST

Complete the following statements in support of your rate request.

Verde West Irrigation (the "Company") requests an adjustment in the existing rates charged by the Company. The information contained in this application is based upon a twelve-month Test Year ending 12/31/06 (mm/dd/yy). The Company had total operating revenues of \$ 14,068, served 0 metered and 183 un-metered customers, and sold N/A gallons of water during the Test Year.

The Company is requesting a(n) increase/decrease in revenues in the amount of \$ 21,800.

Total annual operating revenues, if the Company is granted the rate adjustment, will be \$ 35,868.

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

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

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

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

The Company notified its customers of its application for a rate adjustment on 06/30/07 (mm/dd/yy). A COPY OF THE NOTICE WITH A NOTARIZED COVER LETTER STATING THE METHOD OF CUSTOMER NOTIFICATION, AS WELL AS THE DATE OF THE NOTIFICATION, MUST BE ATTACHED. (See page 32)

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

The utility company ownership is one of the following:

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

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

Stockholders	Number of Shares Owned

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

Name of Authorized Representative (print): <i>Peggy Larsen</i>	Company Name: <i>Verde West Irrigation</i>
Title: <i>Owner</i>	Address: <i>PO Box 744</i>
Signature: <i>Peggy La Larsen</i>	<i>Camp Verde, Az. 86322</i>
Date:	Phone Number: <i>928-567-2141</i>
E-mail Address:	<i>cell # 928-300-8116</i>
Website Address:	Fax Number:

CURRENT AND PROPOSED RATES AND CHARGES INSTRUCTIONS

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

MONTHLY CHARGE:

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

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

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

Company Name: <u>Verde West Irrigation</u>	Test Year Ended: <u>12/31/2006</u>
--------------------------------------------	------------------------------------

CURRENT AND PROPOSED RATES AND CHARGES

CUSTOMER CLASS: Residential Commercial Industrial
 Irrigation All Other, specify _____

	CURRENT RATES	PROPOSED RATES
MINIMUM OR SERVICE CHARGES	\$ GALLONS	\$ GALLONS
5/8" x 3/4" Meter	for	for
3/4" Meter	for	for
1" Meter	for	for
1-1/2" Meter	for	for
2" Meter	for	for
3" Meter	for	for
4" Meter	for	for
6" Meter	for	for

GALLONS IN EXCESS OF MINIMUM
Commodity Charge in Excess of Minimum (Charge Per 1,000 Gallons)
First Tier
Second Tier
Third Tier
<u>LOT ACRE</u> FLAT RATE

Current Rates		Proposed Rates	
Rate	Gallons	Rate	Gallons
\$	Up to _____	\$	Up to _____
\$	_____ to _____	\$	_____ to _____
\$	Over _____	\$	Over _____
\$ <u>LOT ACRE</u>	Per Month <u>5.⁰⁰ 10.⁴²</u>	\$ <u>LOT ACRE</u>	Per Month <u>12.⁰⁰ 25.⁰⁰</u>

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.

SERVICE CHARGES INSTRUCTIONS

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

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

Company Name: <u>Verde West Irrigation</u>	Test Year Ended: <u>12/31/06</u>
--------------------------------------------	----------------------------------

CURRENT AND PROPOSED SERVICE CHARGES

CUSTOMER CLASS: Residential Commercial Industrial
 Irrigation All Other, specify _____

SERVICE LINE AND METER INSTALLATION CHARGES	CURRENT CHARGES	PROPOSED CHARGES
5/8" X 3/4" Meter	\$ <u>N/A</u>	\$ <u>N/A</u>
3/4" Meter	\$	\$
1" Meter	\$	\$
1-1/2" Meter	\$	\$
2" Meter	\$	\$
3" Meter	\$	\$
4" Meter	\$	\$
6" Meter	\$	\$

Establishment	\$	\$
Establishment (after hours)	\$	\$
Reconnection (delinquent)	\$	\$
Reconnection (delinquent) after hours	\$	\$
Meter Test	\$	\$
Deposit	\$	\$
Deposit Interest	%	%
Re-establishment (within 12 months)	\$	\$
NSF Check	\$	\$
Deferred Payment	%	%
Meter Re-read	\$	\$
Late Fee	\$	\$

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.

Company Name: <u>Verde West Irrigation</u>	Test Year Ended: <u>12/31/06</u>
--------------------------------------------	----------------------------------

Plant Additions and Retirements by Year

Acct. No.	Description	Year <u>95</u>		Year <u>03</u>	
		Additions	Retirements	Additions	Retirements
301	Organization				
302	Franchises				
303	Land & Land Rights				
304	Structures & Improvements				
307	Wells & Springs				
311	Pumping Equipment	<u>10,487.18</u>		<u>10,728.</u>	
320	Water Treatment Equipment				
320.1	Water Treatment Plants				
320.2	Solution Chemical Feeders				
330	Distribution Reservoirs & Standpipes				
330.1	Storage Tanks				
330.2	Pressure Tanks				
331	Transmission & Distrib. Mains				
333	Services				
334	Meters & Meter Installations				
335	Hydrants				
336	Backflow Prevention Devices				
339	Other Plant & Misc. Equipment				
340	Office Furniture & Equipment				
340.1	Computers & Software				
341	Transportation Equipment				
343	Tools, Shop & Garage Equip.				
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment				
348	Other Tangible Plant				
	TOTAL WATER PLANT				

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.

Company Name: Verde West Irrigation Test Year Ended: 12/31/06

Plant Summary

Acct. No.	Description	Plant in Service Per Prior Decision <i>Column A</i>	Total Additions <i>Column B</i>	Total Retirements <i>Column C</i>	Test Year End Total <i>Column D*</i>
301	Organization				
302	Franchises				
303	Land & Land Rights	18000			18,000
304	Structures & Improvements	8600			8600
307	Wells & Springs	6500			6500
311	Pumping Equipment	27,650	21,215	15,000	33,865
320	Water Treatment Equipment				
320.1	Water Treatment Plants				
320.2	Solution Chemical Feeders				
330	Distribution Reservoirs & Standpipes	1500			1500
330.1	Storage Tanks				
330.2	Pressure Tanks				
331	Transmission & Distrib. Mains	93,500			93,500
333	Services				
334	Meters & Meter Installations				
335	Hydrants				
336	Backflow Prevention Devices				
339	Other Plant & Misc. Equipment				
340	Office Furniture & Equipment				
340.1	Computers & Software				
341	Transportation Equipment				
343	Tools, Shop & Garage Equip.				
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment	1200			1200
348	Other Tangible Plant				
	TOTAL WATER PLANT	156,950	21,215	15,000	163,165

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*

Company Name: <u>Verde West Irrigation</u>	Test Year Ended: <u>12/31/07</u>
--------------------------------------------	----------------------------------

UTILITY PLANT IN SERVICE

Acct No.	Description	Original Cost	Accumulated Depreciation	OCLD
		<i>Column A</i>	<i>Column B</i>	<i>Column C**</i>
301	Organization			
302	Franchises			
303	Land & Land Rights	18,000	N/A	18,000
304	Structures & Improvements	8,600	2980	5620
307	Wells & Springs	6,500		6500
311	Pumping Equipment	33,865	7450	26,415
320	Water Treatment Equipment			
320.1	Water Treatment Plants			
320.2	Solution Chemical Feeders			
330	Distribution Reservoirs & Standpipes	1,500		1,500
330.1	Storage Tanks			
330.2	Pressure Tanks			
331	Transmission & Distrib. Mains	93,500	38,962	54,538
333	Services			
334	Meters & Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant & Misc. Equipment			
340	Office Furniture & Equipment			
340.1	Computers & Software			
341	Transportation Equipment			
343	Tools, Shop & Garage Equip.			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment	1200		1200
348	Other Tangible Plant			
	TOTAL WATER PLANT	* 163,165	* 49,392	113,773

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

**Column C = Column A - Column B

Company Name: <i>Verde West Irrigation</i>	Test Year Ended: <i>12/31/06</i>
-----------------------------------------------	-------------------------------------

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (inches)	Meter Size (inches)	Year Drilled
	<i>50 HP</i>			<i>12"</i>		
	<i>50 HP</i>			<i>8"</i>		

* 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

FIRE HYDRANTS

Quantity Standard	Quantity Other

STORAGE TANKS

Capacity	Quantity

PRESSURE TANKS

Capacity	Quantity

Company Name: <u>Verde West Irrigation</u>	Test Year Ended: <u>12/31/07</u>
--------------------------------------------	----------------------------------

WATER COMPANY PLANT DESCRIPTION CONTINUED

MAINS		
Size (in inches)	Material	Length (in feet)
2		
3		
4	PVC	1250
5		
6	PVC	65,908
8	PVC	7236
10		
12		

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

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

TREATMENT EQUIPMENT:

STRUCTURES:

OTHER:

WATER USE DATA SHEET

NAME OF COMPANY	Verde West Irrigation
ADEQ Public Water System Number:	N/A

MONTH/YEAR (12 Months of Test Year)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)
1.	183		
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			
TOTAL	N/A	*	**

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.

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

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

Company Name: Verde West Irrigation Test Year Ended: 12/31/07

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	TEST YEAR
461	Metered Water Revenue	\$	\$
460	Unmetered Water Revenue	13,968	14,068
474	Other Water Revenues		
	TOTAL OPERATING REVENUES	\$ 13,968	\$ 14,068 *
	OPERATING EXPENSES		
601	Salaries and Wages (See page 1, item 4)	\$	\$ 7912
610	Purchased Water (See page 1, item 5)		
615	Purchased Power (See page 1, item 6)	4921	5742
618	Chemicals		
620	Repairs and Maintenance (See page 1, item 7)	5404	6754
621	Office Supplies and Expense	282	1471
630	Outside Services (See page 1, item 8)	800	1907
635	Water Testing (See page 1, item 9)		
641	Rents		
650	Transportation Expenses	3763	1869
657	Insurance - General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense		607
403	Depreciation Expense (From page 20)	2565	2565
408	Taxes Other Than Income		
408.11	Property Taxes (See page 1, item 10)	428	430
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 18,163	\$ 29,257
	OPERATING INCOME/(LOSS)	\$ <4195>	\$ <15,189>
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$	\$
	NET INCOME/(LOSS)	\$ <4195>	\$ <15189>

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

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

Company Name: Verde West Irrigation Test Year Ended: 12/31/06

CALCULATION OF DEPRECIATION EXPENSE

Acct. No..	Description	Original Cost	Depreciation Percentage	Depreciation Expense
		Column A	Column B	Column C*
301	Organization			
302	Franchises			
303	Land & Land Rights	18,000	N/A	18,000
304	Structures & Improvements	8600	.0267	230
307	Wells & Springs			
311	Pumping Equipment	33,865	.0388	1314
320	Water Treatment Equipment			
320.1	Water Treatment Plants			
320.2	Solution Chemical Feeders			
330	Distribution Reservoirs & Standpipes	1500		1500
330.1	Storage Tanks			
330.2	Pressure Tanks			
331	Transmission & Distrib. Mains	93,500	.0135	1262
333	Services			
334	Meters & Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant & Misc. Equipment			
340	Office Furniture & Equipment			
340.1	Computers & Software			
341	Transportation Equipment			
343	Tools, Shop & Garage Equip.			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment	1200		1200
348	Other Tangible Plant			
	TOTAL WATER PLANT	163,165		113,773

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

* Column C = Column A x Column B

Company Name: Verde West Irrigation	Test Year Ended: 12/31/06
--------------------------------------------	----------------------------------

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF TEST YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 1260	\$ 0
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	16,900	16,500
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 18,160	\$ 16,500
	FIXED ASSETS		
101	Utility Plant in Service	\$ 156,950	\$ 163,165
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant ("AD-UP")	53,350	(\$ 49,392)**
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility ("AD-NU")		(\$..)
	TOTAL FIXED ASSETS	\$ 103,600	\$ 113,773
	TOTAL ASSETS	\$ 121,760	\$ 130,273

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

*** Must equal page 15, original cost**

**** Must equal page 15, accumulated depreciation**

Company Name:

Test Year Ended:

BALANCE SHEET (CONTINUED)

	LIABILITIES	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF TEST YEAR
	CURRENT LIABILITES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$	\$
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		\$ *
255	Accumulated Deferred Investment Tax Credits		
271	Gross Contributions in Aid of Construction		\$ **
272	Less: Amortization of Contributions		(\$)
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$	\$
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)	121,760	130,273
	TOTAL CAPITAL	\$	\$
	TOTAL LIABILITIES AND CAPITAL	\$ 121,760	\$ 130,273

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

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

*** Must equal page 25, Total Advances*

Company Name: <i>Verde West Irrigation</i>	Test Year Ended: <i>12/31/06</i>
-----------------------------------------------	-------------------------------------

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt¹

	LOAN #1*	LOAN #2*	LOAN #3*	LOAN #4*
Date Issued				
Source of Loan				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Net Proceeds	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate				
Current Year Interest	\$	\$	\$	\$
Current Year Principal	\$	\$	\$	\$
Authority Granted By ACC Decision No.				

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

Meter Deposit Balance – Test Year	\$	<u>N/A</u>
Meter Deposits Refunded During the Test Year	\$	<u>N/A</u>

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

BILL COUNT INSTRUCTIONS

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

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

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

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

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

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

Company Name:	Test Year Ended:
Meter Size:	1 st Quarter Ended:

BILL COUNT WORKSHEET 1ST QUARTER

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 1 ST QUARTER
- 0 -		
1 to 1,000		
1,001 to 2,000		
2,001 to 3,000		
3,001 to 4,000		
4,001 to 5,000		
5,001 to 6,000		
6,001 to 7,000		
7,001 to 8,000		
8,001 to 9,000		
9,001 to 10,000		
10,001 to 12,000		
12,001 to 14,000		
14,001 to 16,000		
16,001 to 18,000		
18,001 to 20,000		
20,001 to 25,000		
25,001 to 30,000		
30,001 to 35,000		
35,001 to 40,000		
40,001 to 50,000		
50,001 to 60,000		
60,001 to 70,000		
70,001 to 80,000		
80,001 to 90,000		
90,001 to 100,000		
Over 100,000 (List actual gallons, e.g., 120,000)		
Total Bills		

Company Name:	Test Year Ended:
Meter Size:	2 nd Quarter Ended:

BILL COUNT WORKSHEET 2ND QUARTER

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 2nd QUARTER
- 0 -		
1 to 1,000		
1,001 to 2,000		
2,001 to 3,000		
3,001 to 4,000		
4,001 to 5,000		
5,001 to 6,000		
6,001 to 7,000		
7,001 to 8,000		
8,001 to 9,000		
9,001 to 10,000		
10,001 to 12,000		
12,001 to 14,000		
14,001 to 16,000		
16,001 to 18,000		
18,001 to 20,000		
20,001 to 25,000		
25,001 to 30,000		
30,001 to 35,000		
35,001 to 40,000		
40,001 to 50,000		
50,001 to 60,000		
60,001 to 70,000		
70,001 to 80,000		
80,001 to 90,000		
90,001 to 100,000		
Over 100,000 (List actual gallons, e.g., 120,000)		
Total Bills		

Company Name:	Test Year Ended:
Meter Size:	3 rd Quarter Ended:

BILL COUNT WORKSHEET 3RD QUARTER

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 3rd QUARTER
- 0 -		
1 to 1,000		
1,001 to 2,000		
2,001 to 3,000		
3,001 to 4,000		
4,001 to 5,000		
5,001 to 6,000		
6,001 to 7,000		
7,001 to 8,000		
8,001 to 9,000		
9,001 to 10,000		
10,001 to 12,000		
12,001 to 14,000		
14,001 to 16,000		
16,001 to 18,000		
18,001 to 20,000		
20,001 to 25,000		
25,001 to 30,000		
30,001 to 35,000		
35,001 to 40,000		
40,001 to 50,000		
50,001 to 60,000		
60,001 to 70,000		
70,001 to 80,000		
80,001 to 90,000		
90,001 to 100,000		
Over 100,000 (List actual gallons, e.g., 120,000)		
Total Bills		

Company Name:	Test Year Ended:
Meter Size:	4 th Quarter Ended:

BILL COUNT WORKSHEET 4TH QUARTER

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 4 th QUARTER
- 0 -		
1 to 1,000		
1,001 to 2,000		
2,001 to 3,000		
3,001 to 4,000		
4,001 to 5,000		
5,001 to 6,000		
6,001 to 7,000		
7,001 to 8,000		
8,001 to 9,000		
9,001 to 10,000		
10,001 to 12,000		
12,001 to 14,000		
14,001 to 16,000		
16,001 to 18,000		
18,001 to 20,000		
20,001 to 25,000		
25,001 to 30,000		
30,001 to 35,000		
35,001 to 40,000		
40,001 to 50,000		
50,001 to 60,000		
60,001 to 70,000		
70,001 to 80,000		
80,001 to 90,000		
90,001 to 100,000		
Over 100,000 (List actual gallons, e.g., 120,000)		
Total Bills		

Company Name:	Test Year Ended:
Meter Size:	

BILL COUNT SUMMARY

	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	Total
- 0 -					
1 to 1,000					
1,001 to 2,000					
2,001 to 3,000					
3,001 to 4,000					
4,001 to 5,000					
5,001 to 6,000					
6,001 to 7,000					
7,001 to 8,000					
8,001 to 9,000					
9,001 to 10,000					
10,001 to 12,000					
12,001 to 14,000					
14,001 to 16,000					
16,001 to 18,000					
18,001 to 20,000					
20,001 to 25,000					
25,001 to 30,000					
30,001 to 35,000					
35,001 to 40,000					
40,001 to 50,000					
50,001 to 60,000					
60,001 to 70,000					
70,001 to 80,000					
80,001 to 90,000					
90,001 to 100,000					
Over 100,000 (List actual gallons, e.g., 120,000)					
Total Bills					

CUSTOMER NOTIFICATION

_____ (Company Name) has applied to the Arizona Corporation Commission for an adjustment in rates. The current rates have been in effect since _____ (mm/yy). A(n) increase/decrease in rates is necessary at this time due to _____ (reason for the Company's request for a rate adjustment as summarized from pages 3 and 4). Based on the Company's unaudited Test Year results, (Company Name) realized an operating income/loss of \$ _____. The Company is requesting a revenue increase/decrease of \$ _____ or _____ % of total revenues. Please see the attached pages 9 and 11 of the Company's application for the current and proposed rates.

The Application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street (for Tucson, call 800-535-0148 if located outside the Tucson local calling area or 520-628-6555 if inside the Tucson local calling area) and at *[name of Company and 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.

Customer input is an important part of the Commission's analysis of the requested adjustment and is a factor in determining whether a hearing will be conducted. Customers should bring to the Commission's attention any questions or concerns related to the Company's Application, including service, billing procedures or other factors important in determining the reasonableness of charges. Customers may have the right to intervene in this matter. Customers wishing to communicate with the Commission, or request information on intervention in the proceeding, should contact the Commission's Consumer Services Section at 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 without a hearing. Regardless of whether a formal hearing is held, customer comments submitted in writing will be placed in the office 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 recommendations to the Commission.