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ADMITTED TO PRACTICE IN:
ARIZONA, COLORADO, MONTANA,
NEVADA, TEXAS, WYOMING,
DISTRICT OF COLUMBIA

OF COUNSEL TO
MUNGER CHADWICK, P.L.C.

August 10, 2007

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

RECEIVED
2007 AUG 13 A 10: 01
AZ CORP COMMISSION
DOCKET CONTROL

Re: Diablo Village Water Company
Application For A Rate Increase
Docket No. W-02309A-07-0399

To Whom It May Concern:

Enclosed for filing in the above-referenced proceeding are fourteen (14) copies of a letter from Lawrence V. Robertson, Jr. to Elijah Abinah, together with (i) Revised Supporting Schedules, (ii) Appendix 1 and (iii) Appendix 2, on behalf of Diablo Village Water Company. The letter and the referenced enclosures are in response to the ACC Staff's July 27, 2007 Letter of Deficiency.

Also enclosed are two (2) additional copies of the letter with attached documents. I would appreciate it if you would "filed" stamp the same and return them to me in the enclosed stamped and addressed envelope.

Thank you for your assistance.

Arizona Corporation Commission
DOCKETED

AUG 13 2007

DOCKETED BY
nr

Sincerely,

Angela R. Trujillo
Secretary

Lawrence V. Robertson, Jr.

LAWRENCE V. ROBERTSON, JR.
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ADMITTED TO PRACTICE IN:
ARIZONA, COLORADO, MONTANA,
NEVADA, TEXAS, WYOMING,
DISTRICT OF COLUMBIA

August 10, 2007

Elijah Abinah
Assistant Director/ Acting Chief Accountant
Financial & Regulatory Analysis Section
Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 8507

Re: Diablo Village Water Company
Application For A Rate Increase
Docket No. W-02309A-07-0399

Dear Mr. Abinah:

This letter and the enclosed documents are submitted in response to your July 27, 2007 Letter of Deficiency in connection with the above-referenced docketed proceeding. For your convenience, this letter and the enclosed documents are organized using the same numerical sequencing set forth in your letter.

ITEM NO. 1

Please see revised Schedule A-1 and revised Schedule C-1.

ITEM NO. 2

Please see revised Schedule H-3.

ITEM NO. 3

Please see revised Schedule H-1 and Schedule C-1. The adjusted test year revenue from Schedule C-1 never matches the Schedule H-1 exactly. The two amounts are within tolerance of ½ of 1 percent.

ITEM NO. 4

Please see revised Schedules C-1, C-2 page 2, C-2 page 5, and C-2 pages 5a through 5d.

ITEM NO. 5

Please see revised Schedule E-7.

ITEM NO. 6

Please see revised Schedule H-5 pages 5a through 5d.

ITEM NO. 7

Please see revised Schedule E-7.

ITEM NO. 8

Enclosed as Appendix No. 1 are copies of (i) the Monitoring Assistance Program ("MAP") 2007 Annual Sampling Fee Invoice for Diablo Village Water Company ("DVWC"), as issued by the Arizona Department of Environmental Quality ("ADEQ"), and (ii) the MAP Sampling Schedule for DVWC for ADEQ's MAP 2007 program, as prepared by Transwest Geochem.

ITEM NO. 9

The language in the first portion of this information request appears to assume that DVWC has only one (1) well and one (1) storage reservoir. DVWC has two (2) wells and two (2) reservoirs. Well #1 has a production capacity of 425 gpm, and Well #2 has a production capacity of 550 gpm. Storage reservoir #1 has a storage capacity of 210,000 gallons, and storage reservoir #2 has a storage capacity of 300,000 gallons. Although used by DVWC during the 2006 calendar year test period, certain of these facilities were owned by Water Supply Corp. until May 2007, when title to the same was formally conveyed to DVWC pursuant to Decision No. 69206 in Docket No. W-02309A-05-0501. However, for the purpose of setting rates prospectively, the test period data has been adjusted to reflect DVWC's current ownership.

With reference to the second line of inquiry set forth under Item No. 9, pursuant to the August 2, 2000 Potable Water Service Agreement between Tucson Water and DVWC, DVWC may purchase up to 44,000 ccf per year of potable water from Tucson Water, plus 190 ccf per year for each residential connection added after August 2, 2000 if such connection is not in an area for which an assured water supply certificate or designation has been obtained from the Arizona Department of Water Resources. However, as indicated during the hearing held in Docket No. W-02309A-05-0501 through which DVWC extended its CC&N area in 2006, DVWC intends to rely on Tucson Water only as a back-up or emergency source of supply during 2007 and subsequent years. Accordingly, this is why the \$5,985 of test year purchased water

Mr. Elijah Abinah
August 10, 2007
Page 3 of 3

expense attributable to Tucson Water was eliminated through the adjustment shown on original Schedule C-2, page 7, lines 19, 21 and 23.

ITEM NO. 10

Enclosed as Appendix No. 2 is a copy of a June 15, 2007 water sampling report prepared by Legend Technical Service, Inc., which indicates that DVWC is in compliance with the United States Environmental Protection Agency's arsenic MCL of 10 ppb.

ITEM NO. 11

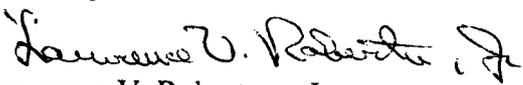
See response to Item No. 9 as to why no purchased power expense attributable to Tucson Water is shown in connection with the computation of working capital shown in Schedule B-5. In addition, see (i) response to Item No. 9 above, regarding transfer of well ownership from Water Supply Corp. to DVWC, and (ii) original Schedule C-2, page 7, lines 17, 21 and 23, as to why original Schedule B-5 contains no purchased water expense attributable to Water Supply Corp.

ITEM NO. 12

See Schedule H-3, page 5 as submitted with the Application filed in this docket. The calculations underlying the proposed Off-Site Hook-Up Fee (by meter size) appear at lines 12 through 43 on page 5. As indicated on line 27, the proposed Off-Site Hook-Up Fee is designed to recover 80% of the off-site capital expenditures anticipated to be incurred by DVWC during the 2006-2012 time period. Those anticipated capital expenditure requirements are set forth by category at lines 3 through 8 of page 5.

DVWC and I believe that the above and enclosed information should be fully responsive to your July 27, 2007 Letter of Deficiency. Please let me know if you have any questions.

Sincerely,


Lawrence V. Robertson, Jr.

cc: Docket Control
Lyn Farmer, Hearing Division
Delbert Smith, Engineering
Consumer Services
Legal Division

**REVISED SUPPORTING
SCHEDULES**

(Response to Items 1-7 of the ACC Staff
July 27, 2007 Letter of Deficiency)

Diablo Village Water Company
Docket No. W-02309A-07-0399
August 10, 2007

Diablo Village Water Company
 Test Year Ended December 31, 2006
 Computation of Increase in Gross Revenue
 Requirements As Adjusted

Exhibit
 Schedule A-1
 Page 1
 Witness: Bourassa
REVISED
 Docket No. W-02309A-0399

Line
No.

1	Fair Value Rate Base	\$	565,129
2			
3	Adjusted Operating Income		17,653
4			
5	Current Rate of Return		3.12%
6			
7	Required Operating Income	\$	67,815
8			
9	Required Rate of Return on Fair Value Rate Base		12.00%
10			
11	Operating Income Deficiency	\$	50,163
12			
13	Gross Revenue Conversion Factor		1.0000
14			
15	Increase in Gross Revenue		
16	Requirement	\$	50,163
17			

18 Customer	19 Present	20 Proposed	21 Dollar	22 Percent
Classification	<u>Rates</u>	<u>Rates</u>	<u>Increase</u>	<u>Increase</u>
(Residential Commercial, Irrigation)				
21 5/8 x 3/4 Inch Residential	\$ 367,894	\$ 399,400	\$ 31,507	8.56%
22 3/4 Inch Residential			-	0.00%
23 1 Inch Residential	44,327	48,040	3,713	8.38%
24 2 Inch Construction	12,836	13,759	923	7.19%
25 3 inch Construction	58,653	70,391	11,738	20.01%
26			-	0.00%
27 Revenue Annualization	(4,297)	(4,592)	(295)	6.86%
28				
29 Subtotal	\$ 479,413	\$ 526,999	\$ 47,586	9.93%
30				
31 Other Water Revenues	12,741	12,741	-	0.00%
32				
33				
34 Total of Water Revenues (a)	\$ 492,154	\$ 539,740	\$ 47,586	9.67%
35				
36				
37				
38				
39				
40				

41 SUPPORTING SCHEDULES:
 42 B-1
 43 C-1
 44 C-3
 45 H-1
 46

Diablo Village Water Company
 Test Year Ended December 31, 2006
 Income Statement

Exhibit
 Schedule C-1
 Page 1
 Witness: Bourassa
REVISED
 Docket No. W-02309A-0399

Line No.	Test Year Book Results	Label	Adjustment	Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	Revenues					
2	\$ 508,743	4/5b	\$ (29,817)	\$ 478,926	\$ 50,163	\$ 529,089
3						
4						
5	<u>12,741</u>			<u>12,741</u>		<u>12,741</u>
6	<u>\$ 521,483</u>		<u>\$ (29,817)</u>	<u>\$ 491,667</u>	<u>\$ 50,163</u>	<u>\$ 541,830</u>
7	Operating Expenses					
8	\$ -			\$ -		\$ -
9	167,463	6	(167,463)	-		-
10	-	7/8/9	39,878	39,878		39,878
11	-			-		-
12	586			586		586
13	8,720			8,720		8,720
14	188			188		188
15	2,459			2,459		2,459
16	-			-		-
17	181,926			181,926		181,926
18	6,122			6,122		6,122
19	-			-		-
20	86,602			86,602		86,602
21	-			-		-
22	-			-		-
23	15,078			15,078		15,078
24	-	3	20,000	20,000		20,000
25	-			-		-
26	3,385			3,385		3,385
27	28,791	1	50,781	79,572		79,572
28	-			-		-
29	8,589	2	20,907	29,497		29,497
30	-			-		-
31	25,519	5	(25,519)	-		-
32	-			-		-
33	-			-		-
34	<u>\$ 535,431</u>		<u>\$ (61,416)</u>	<u>\$ 474,014</u>	<u>\$ -</u>	<u>\$ 474,014</u>
35	<u>\$ (13,947)</u>		<u>\$ 31,600</u>	<u>\$ 17,653</u>	<u>\$ 50,163</u>	<u>\$ 67,815</u>
36	Other Income (Expense)					
37	23			23		23
38	-			-		-
39	-			-		-
40	-			-		-
41	-			-		-
42	<u>\$ 23</u>			<u>\$ 23</u>	<u>\$ -</u>	<u>\$ 23</u>
43	<u>\$ (13,924)</u>			<u>\$ 31,600</u>	<u>\$ 17,676</u>	<u>\$ 50,163</u>
44	Net Profit (Loss)					
45	<u>SUPPORTING SCHEDULES:</u>					
46	C-2					
47	E-2					
48						
	<u>RECAP SCHEDULES:</u>					
	A-1					

Diablo Village Water Company
 Test Year Ended December 31, 2006
 Adjustment to Revenues and Expenses
 Adjustment Number 2

Exhibit
 Schedule C-2
 Page 3
 Witness: Bourassa
REVISED

Docket No. W-02309A-0399

Line No.		
1	<u>Adjust Property Taxes to Reflect Proposed Revenues:</u>	
2		
3	Adjusted Revenues in year ended 09/31/05	\$ 491,667
4	Adjusted Revenues in year ended 09/31/05	491,667
5	Proposed Revenues	<u>541,830</u>
6	Average of three year's of revenue	\$ 508,388
7	Average of three year's of revenue, times 2	\$ 1,016,776
8	Add:	
9	Construction Work in Progress at 10%	\$ 47,729
10	Deduct:	
11	Book Value of Transportation Equipment	<u>-</u>
12		
13	Full Cash Value	\$ 1,016,776
14	Assessment Ratio	<u>23.50%</u>
15	Assessed Value	238,942
16	Property Tax Rate	12.3447%
17		
18	Property Tax	29,497
19	Tax on Parcels	0
20		
21	Total Property Tax at Proposed Rates	<u>\$ 29,497</u>
22	Property Taxes in the test year	<u>8,589</u>
23	Change in Property Taxes	<u>\$ 20,907</u>
24		
25		
26	Adjustment to Revenues and/or Expenses	<u>\$ 20,907</u>
27		
28		

Diablo Village Water Company
 5/8 inch Residential
 Customers to Year End Levels
 Test Year Ended December 31, 2006

Exhibit
 Schedule C-2
 Page 5a
 Witness: Bourassa
 Docket No. W-02309A-0399

REVISED

Line
 No.
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	Month of Jan-06	Month of Feb-06	Month of Mar-06	Month of Apr-06	Month of May-06	Month of Jun-06	Month of Jul-06	
Year End Number of Customers	829	829	829	829	829	829	829	
Actual Customers	742	763	780	784	800	826	826	
Increase in Number of Customers/Bills	87	66	49	45	29	3	3	
Average Revenue / Present Rates	\$ 36.16	\$ 32.48	\$ 38.14	\$ 34.48	\$ 39.40	\$ 40.60	\$ 39.42	
Revenue Annualization / Present Rates	\$ 3,146	\$ 2,144	\$ 1,869	\$ 1,552	\$ 1,143	\$ 122	\$ 118	
Increase in Number of Customers	87	66	49	45	29	3	3	
Average Revenue / Proposed Rates	\$ 37.83	\$ 33.43	\$ 40.19	\$ 35.82	\$ 41.69	\$ 43.12	\$ 41.72	
Revenue Annualization / Proposed Rates	\$ 3,291	\$ 2,207	\$ 1,969	\$ 1,612	\$ 1,209	\$ 129	\$ 125	
Additional Gallons to be Produced	468,683	274,560	296,286	217,205	187,514	20,598	19,420	
	Month of Aug-06	Month of Sep-06	Month of Oct-06	Month of Nov-06	Month of Dec-06	Total Year		
Year End Number of Customers	829	829	829	829	829			
Actual Customers	841	848	832	847	829			
Increase in Number of Customers/Bills	(12)	(19)	(3)	(18)	-			230
Average Revenue / Present Rates	\$ 39.37	\$ 36.53	\$ 38.38	\$ 41.20	\$ 37.36			
Revenue Annualization / Present Rates	\$ (472)	\$ (694)	\$ (115)	\$ (742)	\$ -			\$ 8,070
Increase in Number of Customers	(12)	(19)	(3)	(18)	-			
Average Revenue / Proposed Rates	\$ 41.65	\$ 38.26	\$ 40.48	\$ 43.84	\$ 39.25			
Revenue Annualization / Proposed Rates	\$ (472)	\$ (694)	\$ (115)	\$ (742)	\$ -			\$ 8,405
Additional Gallons to be Produced	(77,467)	(104,666)	(18,385)	(127,212)	-			1,156,536

Diablo Village Water Company
 1 Inch Residential
 Customers to Year End Levels
 Test Year Ended December 31, 2006

Exhibit
 Schedule C-2
 Page 5b
 Witness: Bourassa
 Docket No. W-02309A-0399

REVISED

Line No.		Month of Jan-06	Month of Feb-06	Month of Mar-06	Month of Apr-06	Month of May-06	Month of Jun-06	Month of Jul-06	
1	Year End Number of Customers	49	49	49	49	49	49	49	
2	Actual Customers	54	55	55	53	55	53	47	
3	Increase in Number of Customers/Bills	(5)	(6)	(6)	(4)	(6)	(4)	2	
4	Average Revenue / Present Rates	\$ 63.00	\$ 67.27	\$ 64.54	\$ 66.78	\$ 80.39	\$ 75.95	\$ 77.22	
5	Revenue Annualization / Present Rates	\$ (315)	\$ (404)	\$ (387)	\$ (267)	\$ (482)	\$ (304)	\$ 154	
6									
7	Increase in Number of Customers	(5)	(6)	(6)	(4)	(6)	(4)	2	
8	Average Revenue / Proposed Rates	\$ 66.86	\$ 71.96	\$ 68.69	\$ 71.37	\$ 87.61	\$ 82.32	\$ 83.83	
9	Revenue Annualization / Proposed Rates	\$ (334)	\$ (432)	\$ (412)	\$ (285)	\$ (526)	\$ (329)	\$ 168	
10	Additional Gallons to be Produced	(21,669)	(34,550)	(29,076)	(22,379)	(60,782)	(34,606)	18,150	
11									
12									
13									
14									
15	Year End Number of Customers	49	49	49	49	49	49	49	
16	Actual Customers	48	49	50	47	49	49	49	
17	Increase in Number of Customers/Bills	1	-	(1)	2	-	-	(27)	
18	Average Revenue / Present Rates	\$ 75.75	\$ 72.50	\$ 71.48	\$ 79.71	\$ 72.44	-	-	
19	Revenue Annualization / Present Rates	\$ 76	\$ -	\$ (71)	\$ 159	\$ -	-	\$ (1,841)	
20									
21	Increase in Number of Customers	1	-	(1)	2	-	-	-	
22	Average Revenue / Proposed Rates	\$ 82.07	\$ 78.19	\$ 76.98	\$ 86.80	\$ 78.12	-	-	
23	Revenue Annualization / Proposed Rates	\$ 76	\$ -	\$ (71)	\$ 159	\$ -	-	\$ (1,972)	
24	Additional Gallons to be Produced	8,584	-	(7,161)	19,810	-	-	(163,679)	

Diablo Village Water Company
 2 Inch Construction
 Customers to Year End Levels
 Test Year Ended December 31, 2006

Exhibit
 Schedule C-2
 Page 5c
 Witness: Bourassa
 Docket No. W-02309A-0399

REVISED

Line
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Year End Number of Customers
 Actual Customers
 Increase in Number of Customers/Bills
 Average Revenue / Present Rates
 Revenue Annualization / Present Rates
 Increase in Number of Customers
 Average Revenue / Proposed Rates
 Revenue Annualization / Proposed Rates
 Additional Gallons to be Produced

Month of Jan-06	Month of Feb-06	Month of Mar-06	Month of Apr-06	Month of May-06	Month of Jun-06	Month of Jul-06
2	1	2	3	4	2	1
(2)	(1)	(2)	(3)	(4)	(2)	(1)
\$ 161.50	\$ 2,274.40	\$ 1,634.35	\$ 395.00	\$ 769.75	\$ 987.70	\$ 344.50
\$ (323)	\$ (2,274)	\$ (3,269)	\$ (1,185)	\$ (3,079)	\$ (1,975)	\$ (345)
(2)	(1)	(2)	(3)	(4)	(2)	(1)
\$ 2.04	\$ 2,875.87	\$ 2,005.31	\$ 319.63	\$ 829.34	\$ 1,125.78	\$ 250.95
\$ (4)	\$ (2,876)	\$ (4,011)	\$ (959)	\$ (3,317)	\$ (2,252)	\$ (251)
(1,001)	(704,800)	(982,900)	(235,001)	(813,002)	(551,800)	(61,501)

Year End Number of Customers
 Actual Customers
 Increase in Number of Customers/Bills
 Average Revenue / Present Rates
 Revenue Annualization / Present Rates
 Increase in Number of Customers
 Average Revenue / Proposed Rates
 Revenue Annualization / Proposed Rates
 Additional Gallons to be Produced

Month of Aug-06	Month of Sep-06	Month of Oct-06	Month of Nov-06	Month of Dec-06	Total Year
1	1	-	-	-	
(1)	(1)	-	-	-	(17)
\$ 194.50	\$ 191.50	\$ 160.00	\$ 160.00	\$ 160.00	
\$ (195)	\$ (192)	\$ -	\$ -	\$ -	\$ (12,836)
(1)	(1)	-	-	-	
\$ 46.93	\$ 42.85	\$ -	\$ -	\$ -	
\$ (195)	\$ (192)	\$ -	\$ -	\$ -	\$ (13,759)
(11,501)	(10,501)	-	-	-	(3,372,005)

Diablo Village Water Company
 3 Inch Construction
 Customers to Year End Levels
 Test Year Ended December 31, 2006

Exhibit
 Schedule C-2
 Page 5d
 Witness: Bourassa
 Docket No. W-02309A-0399

REVISED

Line No.		Month of Jan-06	Month of Feb-06	Month of Mar-06	Month of Apr-06	Month of May-06	Month of Jun-06	Month of Jul-06
1	Year End Number of Customers	2	2	2	2	2	2	2
2	Actual Customers	1	2	2	2	2	2	2
3	Increase in Number of Customers/Bills	1	-	-	-	-	-	-
4	Average Revenue / Present Rates	\$ 2,310.30	\$ 1,227.30	\$ 2,224.95	\$ 4,043.55	\$ 4,425.45	\$ 4,525.65	\$ 2,937.30
5	Revenue Annualization / Present Rates	\$ 2,310	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6								
7	Increase in Number of Customers	1	-	-	-	-	-	-
8	Average Revenue / Proposed Rates	\$ 2,734.28	\$ 1,261.25	\$ 2,618.19	\$ 5,091.73	\$ 5,611.16	\$ 5,747.45	\$ 3,587.08
9	Revenue Annualization / Proposed Rates	\$ 2,734	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	Additional Gallons to be Produced	670,100	-	-	-	-	-	-
11								
12		Month of Aug-06	Month of Sep-06	Month of Oct-06	Month of Nov-06	Month of Dec-06	Total Year	
13								
14	Year End Number of Customers	2	2	2	2	2		
15	Actual Customers	2	2	2	2	2		
16	Increase in Number of Customers/Bills	-	-	-	-	-	1	
17	Average Revenue / Present Rates	\$ 2,107.50	\$ 1,754.10	\$ 1,472.10	\$ 1,496.40	\$ 1,957.20		
18	Revenue Annualization / Present Rates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,310	
19								
20								
21	Increase in Number of Customers	-	-	-	-	-		
22	Average Revenue / Proposed Rates	\$ 2,458.44	\$ 1,977.77	\$ 1,594.21	\$ 1,627.26	\$ 2,254.01		
23	Revenue Annualization / Proposed Rates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,734	
24	Additional Gallons to be Produced	-	-	-	-	-	670,100	

Diablo Village Water Company
Test Year Ended December 31, 2006
Adjustment to Revenues and Expenses
Adjustment Number 4

Exhibit
Schedule C-2
Page 5
Witness: Bourassa

Line No.		
1	<u>Revenue Annualization</u>	
2		
3		
4	Revenue Annualization	\$ (4,297)
5		
6		
7		
8	Total Revenue from Annualization	<u>\$ (4,297)</u>
9		
10		
11	Adjustment to Revenue and/or Expense	<u>\$ (4,297)</u>
12		
13	<u>SUPPORTING SCHEDULES</u>	
14	C-2 pages 5a to 5d	
15	H-1	
16		
17		
18		
19		
20		

Diablo Village Water Company
 Test Year Ended December 31, 2006
 Operating Statistics

Exhibit
 Schedule E-7
 Page 1
 Witness: Bourassa
 REVISED
 Docket No. W-02309A-0399

Line No.		Test Year Ended <u>12/31/2006</u>	Prior Year Ended <u>12/31/2005</u>	Prior Year Ended <u>12/31/2004</u>
1	<u>WATER STATISTICS:</u>			
2				
3				
4				
5	Total Gallons Sold (in Thousands)	82,993	36,450	43,397
6				
7				
8				
9	Water Revenues from Customers:	\$ 508,743	\$ 250,279	\$ 275,971
10				
11				
12				
13				
14	Year End Number of Customers	880	734	360
15				
16				
17	Annual Gallons (in Thousands)			
18	Sold Per Year End Customer	94	50	121
19				
20				
21				
22	Annual Revenue per Year End Customer	\$ 578.12	\$ 340.98	\$ 766.59
23				
24	Pumping Cost Per 1,000 Gallons	\$ -	\$ -	\$ -
25	Purchased Water Cost per 1,000 Gallons	\$ 2.02	\$ 2.04	\$ 2.63

Diablo Village Water Company
 Test Year Ended December 31, 2006
 Revenue Summary
 With Annualized Revenues to Year End Number of Customers

Exhibit
 Schedule H-1
 Page 1
 Witness: Bourassa
REVISED
 Docket No. W-02309A-0399

Line No.	Meter Size	Customer Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8 x 3/4 Inch	Residential	\$ 367,894	\$ 399,400	\$ 31,507	8.56%	76.06%	75.13%
2	1 Inch	Residential	44,327	48,040	3,713	8.38%	9.16%	9.04%
3	2 Inch	Construction	12,836	13,759	923	7.19%	2.65%	2.59%
4	3 Inch	Construction	58,653	70,391	11,738	20.01%	12.13%	13.24%
5								
6			483,710	531,591	47,881	9.90%	100.00%	100.00%
7								
8	Other Water Revenues		12,741	12,741	-	0.00%		
9								
10								
11	Subtotals of Revenues		\$ 496,451	\$ 544,332	\$ 47,881	9.64%	Additional Bills	Additional Gallons
12	Revenue Annualizations:							
13	5/8 x 3/4 Inch	Residential	\$ 8,070	\$ 8,405	\$ 335	4.16%	230	1,156,536
14	1 inch	Residential	(1,841)	(1,972)	(131)	7.13%	(27)	(163,679)
15	2 Inch	Construction	(12,836)	(13,759)	(923)	7.19%	(17)	(3,372,005)
16	3 Inch	Construction	2,310	2,734	424	18.35%	1	670,100
17								
18								
19	Subtotal Revenue Annualization		(4,297)	(4,592)	(295)	6.86%	187	(1,709,048)
20								
21								
22	Total Revenues Per Bill Count		\$ 492,154	\$ 539,740	\$ 47,586	9.67%		
23	With Annualization							
24								
25	Subtotal of Revenues Above w/o Annualization		\$ 496,451					
26	Revenues Per C-1 (net of sales taxes)		\$ 495,987					
27	Difference in Dollars		\$ (464)					
28	Difference in Percentage		-0.09%					
29	Tolerance Allowed by ACC Staff		0.50%					

Diablo Village Water Company
 Test Year Ended December 31, 2006
 Present and Proposed Rates

Exhibit
 Schedule H-3
 Page 1
 Witness: Bourassa
REVISED
 Docket No. W-02309A-07-0399

Line No.		Present Rates	Proposed Rates	Percent Change	Percent Change
1	Monthly Usage Charge for:				
	<u>Meter Size (All Classes, except standpipe and bulk):</u>				
2	5/8 x 3/4 Inch	\$ 20.00	\$ 20.54	\$ 0.54	2.70%
3	3/4 Inch	30.00	30.80	0.80	2.67%
4	1 Inch	50.00	51.34	1.34	2.68%
5	1 1/2 Inch	100.00	102.68	2.68	2.68%
6	2 Inch	160.00	164.29	4.29	2.68%
7	3 Inch	300.00	308.04	8.04	2.68%
8	4 Inch	500.00	513.40	13.40	2.68%
9	6 Inch	1,000.00	1,026.80	26.80	2.68%
10	Standpipe and Bulk Water	-	-	-	0.00%
11					
12	<u>Gallons (n Minimum (All Classes)</u>	-	-		
13					
14	<u>Monthly Service Charge for Fire Sprinkler</u>				
15	4 Inch or smaller	***	***		
16	6 Inch	***	***		
17	8 Inch	***	***		
18	10 Inch	***	***		
19	Larger than 10 Inch	***	***		
20					
21	*** 1.00% of Monthly Minimum for a comparable sized meter connection, but no less than \$5.00 Per month.				
22	The service charge for fire sprinklers is only applicable for service lines separate and distinct from				
23	the primary water service line.				
24					
25					
26					
27					
28					
29					
30					

Diablo Village Water Company
 Test Year Ended December 31, 2006
 Present and Proposed Rates

Exhibit
 Schedule H-3
 Page 2
 Witness: Bourassa
REVISED

Docket No. W-02309A-07-0399

Line No.		(Per 1,000 gallons)			
		Present Rate		Proposed Rate	Change
1					
2	Commodity Rates				
3	All Customer Classes				
4	5/8 Inch Meter				
5					
6					
7					
8	3/4 Inch Meter				
9					
10					
11					
12	1 Inch Meter				
13					
14					
15	1.5 Inch Meter				
16					
17					
18	2 Inch Meter				
19					
20					
21	3 Inch Meter				
22					
23					
24	4 Inch Meter				
25					
26					
27	6 Inch Meter				
28					
29					
30	Standpipe and Bulk Water				

APPENDIX 1
(ADEQ MAP Program)

Diablo Village Water Company
Docket No. W-02309A-07-0399
August 10, 2007



**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 #: 9698	Invoice Number 63659
To: DIABLO VILLAGE WATER CO PO BOX 13145 TUCSON, AZ 85732	Public Water System ID #: 10357
	Billing for Calendar Year: 2007
	Due Date: December 18, 2006
	Total Amount Due \$ 2,259.74
	Amount Paid \$

† Keep the top portion for your records. †

ADEQ Federal Tax #866004791



TRANSWEST
GEOCHEM

To the Water System Owner/Operator;

Enclosed are analytical results from the samples taken from your water system for the Arizona Department of Environmental Quality's MAP 2007 program. In addition to the analytical reports, you will receive:

1. a copy of the chain of custody
2. a summary of the MAP 2007 schedule for your system

Please note that in some cases your samples may have been composited with samples from other water systems for analysis. In such cases, your system information will appear on an analytical report along with information for as many as four other systems. If you have any questions concerning these results or the MAP program you can call the lab at the number on this letterhead or the following ADEQ representative:

Scott Steinhagen
MAP Coordinator
602-771-4445

Richard A. Mosher
Transwest Geochem - Tucson

2007 MAP SAMPLING SCHEDULE

PIMA

DABLO VILLAGE WASTEWATER TREATMENT PLANT				
EPDS001	2004	2346	C	CW

ASB NITRITE	FREQUENCY
1041 NITRITE (AS N)	Collect in 1st 3Y period of next 9Y cycle, next sample 2013
1094 ASBESTOS	Collect in 1st 3Y period of next 9Y cycle, next sample 2013

IOC	FREQUENCY
1005 ARSENIC	1, collect Q1
1010 BARIUM	1, collect Q1
1013 CADMIUM	1, collect Q1
1020 CHROMIUM	1, collect Q1
1024 CYANIDE	1, collect Q1
1025 FLUORIDE	1, collect Q1
1033 MERCURY	1, collect Q1
1036 NICKEL	1, collect Q1
1045 SELENIUM	1, collect Q1
1074 ANTIMONY	1, collect Q1
1075 BERYLLIUM	1, collect Q1
1085 THALLIUM	1, collect Q1

NITRATE	FREQUENCY
1040 NITRATE (AS N)	1

RAD	FREQUENCY
4003 GROSS ALPHA, INCLDNG RA & U, EXCLDNG RN	Grandfathered data, sample 2010
4020 RADIUM-226	Grandfathered data, sample 2010
4030 RADIUM-228	Grandfathered data, sample 2010

SOC	FREQUENCY
2005 ENDRIN	Waiver issued, collect 1 sample every 9Y, next sample 2010
2010 BHC-GAMMA (LINDANE)	Waiver issued, collect 1 sample every 9Y, next sample 2010
2015 METHOXYCHLOR	Waiver issued, collect 1 sample every 9Y, next sample 2010
2020 TOXAPHENE	Waiver issued, collect 1 sample every 9Y, next sample 2010
31 DALAPON	Waiver issued, collect 1 sample every 9Y, next sample 2010
32 DQUAT	Waiver issued, collect 1 sample every 9Y, next sample 2010
2035 ENDOSULF	Waiver issued, collect 1 sample every 9Y, next sample 2010
2034 GLYPHOSATE	Waiver issued, collect 1 sample every 9Y, next sample 2010
2033 D[2-ETHYLHEXYL]-ADIFATE	Waiver issued, collect 1 sample every 9Y, next sample 2010
2036 OXAMYL (NYDATE)	Waiver issued, collect 1 sample every 9Y, next sample 2010
2037 SIMAZINE	Waiver issued, collect 1 sample every 9Y, next sample 2010
2039 D[2-ETHYLHEXYL]-PHTHALATE	Waiver issued, collect 1 sample every 9Y, next sample 2010
2040 PICLORAM	Waiver issued, collect 1 sample every 9Y, next sample 2010
2041 DINOSF	Waiver issued, collect 1 sample every 9Y, next sample 2010
2042 HEXACHLOROCYCLOPENTADIENE	Waiver issued, collect 1 sample every 9Y, next sample 2010
2046 CARBOFURAN	Waiver issued, collect 1 sample every 9Y, next sample 2010
2050 ATRAZINE	Waiver issued, collect 1 sample every 9Y, next sample 2010
2051 ALACHLOR (LASSO)	Waiver issued, collect 1 sample every 9Y, next sample 2010
2063 2,3,7,8 TCDD (DIOXIN)	Waiver issued, collect 1 sample every 9Y, next sample 2010
2065 HEPTACHLOR	Waiver issued, collect 1 sample every 9Y, next sample 2010
2067 HEPTACHLOR EPOXIDE	Waiver issued, collect 1 sample every 9Y, next sample 2010
2105 2,4-D	Waiver issued, collect 1 sample every 9Y, next sample 2010
2110 2,4,5-TP (SELVEP)	Waiver issued, collect 1 sample every 9Y, next sample 2010
2274 HEXACHLOROBENZENE	Waiver issued, collect 1 sample every 9Y, next sample 2010
2306 BENZO (A) PYRENE	Waiver issued, collect 1 sample every 9Y, next sample 2010
2326 PENTACHLOROPHENOL	Waiver issued, collect 1 sample every 9Y, next sample 2010
2383 POLYCHLORINATED BIPHENYLS (PCB) or AROCLOR Group	Waiver issued, collect 1 sample every 9Y, next sample 2010
2931 DIBROMOCHLOROPROPANE (DBCP)	Waiver issued, collect 1 sample every 9Y, next sample 2010
2946 ETHYLENE DIBROMIDE (EDB)	Waiver issued, collect 1 sample every 9Y, next sample 2010
2959 CHLORDANE	Waiver issued, collect 1 sample every 9Y, next sample 2010

SODIUM	FREQUENCY
1052 SODIUM	1

VOC	FREQUENCY
2378 1,2,4-TRICHLOROBENZENE	1
2380 CIS-1,2-DICHLOROETHYLENE	1
2953 XYLENES	1
2964 DICHLOROMETHANE	1
2968 O-DICHLOROBENZENE	1
2969 P-DICHLOROBENZENE	1
2977 1,1-DICHLOROETHYLENE	1
2979 TRANS-1,2-DICHLOROETHYLENE	1
2980 1,2-DICHLOROETHANE	1
2981 1,1,1-TRICHLOROETHANE	1
2982 CARBON TETRACHLORIDE	1
2983 1,2-DICHLOROPROPANE	1
2984 TRICHLOROETHYLENE	1
2985 1,1,2-TRICHLOROETHANE	1
2987 TETRACHLOROETHYLENE	1
2989 MONOCHLOROBENZENE	1
2990 BENZENE	1
2991 TOLUENE	1
2992 ETHYLBENZENE	1
2996 STYRENE	1

APPENDIX 2
(Legend Technical Services, Inc. Report)

Diablo Village Water Company
Docket No. W-02309A-07-0399
August 10, 2007

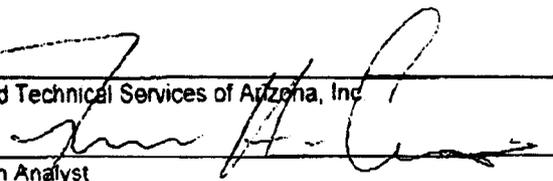
Charles Thim Thim Utility Co. / Nordic Corp. / P.O. Box 13145 Tucson, AZ 85732	Project: Drinking Water Analysis Project Number: Diablo (10357)	Reported: 06/15/07 13:10
---	--	-----------------------------

Well (7051764-01) Drinking Water (Grab) Sampled: 05/25/07 12:30 Received: 05/25/07 14:10

Analyte	Result	PQL	Units	Dilution	Batch	Prepared	Analyzed	Method	Notes
Total Metals									
Arsenic	0.010	0.002	mg/L	1	B7F0047	06/01/07 11:05	06/01/07 15:12	EPA 200.9	

Case Narrative:
Holding Times: All holding times were met unless otherwise qualified.
QA/QC Criteria: All analyses met method requirements unless otherwise qualified.
Comments: There were no problems encountered during the processing of the samples, unless otherwise noted.

Notes and Definitions

Legend Technical Services of Arizona, Inc.

 Tucson Analyst
 PAGE 03/03

The results in this report apply to the samples analyzed in accordance with the chain of custody document. This analytical report must be reproduced in its entirety.