

ORIGINAL



0000078613

Mountain Dell Water, RECEIVED Test Year Ended 12/31/06

Arizona Corporation Commission
DOCKETED

2007 NOV -8 A 10: 51

NOV 08 2007

This Application for a rate adjustment was developed to address the financial needs of this small private water utility. The 86 meters served represent approximately 250 people in a rural county island surrounded by the City of Flagstaff. The system was installed in the 1950's and still uses much of the same infrastructure, including 2" steel water mains, a small pump house and powerhouse, four 10,000-gallon storage tanks, and two 1000+ feet deep wells drilled in 1956 and 1975. Severe weather in this mountain region can make water repairs challenging. During the 15 years since the last rate application, the owners have replaced worn out deep well pumps and rusted water storage tanks, enclosed both well fields with chain link fencing, installed a new pressure tank, upgraded the pressure control system, installed a VFD (Variable Frequency Drive) electricity controller, and upgraded the computer system. Rate adjustments are needed to make this a viable enterprise and continue the high level of service.

DOCKETED BY	<i>MM</i>
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Since the last rate adjustment, which went into effect in February 1993, the Company has had an average annual gross revenue of \$38,596. The Company had a net loss in half of the 14 years from 1993 until the test year ending 12/31/06.

Several adjustments to the 2006 annual report should be noted: A deep well pump motor replacement cost of \$10,926 was moved from Repairs to Plant in Service affecting both Net Income and Plant in Service; and a water revenue prepayment of \$3,500 was received in 2006 artificially inflating the gross revenue figure.

RE: 10/23/07 LETTER OF DEFICIENCY: The gross revenue figure, as reported on pages 6 & 19 has been amended to reflect actual metered water billing (\$39,296); gallons pumped, as reported on page 18 has been amended to reflect actual metered gallons pumped (7,354,000); an arsenic level test result dated 6/19/07 has been provided (.004 mg/L); and the number of projected new connections through 2011 has been provided (0).

The age of the infrastructure and the rising costs of water related equipment have made the Company nonviable. Rising fuel, heating and purchased

power costs have added to the widening deficit. The owner/managers have not received a paycheck for many years.

The Company is proposing a 50% increase in revenues to bring the income in line with the cost of operation. Included with this application please find a Gross Revenue/Net Income (Loss) statement and an Accumulated Depreciation Calculation statement for years 1993-2006. Also included with this Application please find an Application for a Curtailment Tariff.

Mountain Dell Water, Inc. Test Year Ended 12/31/06

RE LETTER OF DEFICIENCY

Response to Deficiencies

1), Page 31 Bill Count Summary. The bill count summary does not produce the revenues listed on Page 19. Metered Water Sales. The application narrative, page 3, states that the actual bill count revenue is \$42,110. the bill counts supplied with the application produce revenues totaling \$39,337, a deficiency of \$2,773 and 6.9%.

RESPONSE *"The revenue figure has been corrected to reflect a billed amount which more closely matches the revenues produced by the bill count summaries. See replacement pages 6 & 19.*

2). Page 18. Water Use Data Sheet. The Company's Gallons Sold is exactly the same, by month, Gallons reported as pumped. Please indicate the actual gallons pumped by month during the test year.

RESPONSE: *The Gallons Pumped by month figures have been corrected to reflect actual metered gallons pumped. See replacement page 18,*

3). Please provide the arsenic levels determined for each individual well.

RESPONSE: *An arsenic test result dated 6/19/07 has been provided.*

4). Please provide the number of connections that the Company expects to add the the next five years. (2007 thru 2011).

RESPONSE: *The Company expects no new connections to be added in the next five years. (2007 thru 2011).*

STATEMENTS IN SUPPORT OF RATE REQUEST

Complete the following statements in support of your rate request.

Mountain Dew Water, Inc (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 \$ 39,296, served 86 metered and 0 un-metered

(from page 19)

customers, and sold 537,000 gallons of water during the Test Year.

(from page 18)

The Company is requesting a(n) increase/decrease in revenues in the amount of \$ 19,298.

Total annual operating revenues, if the Company is granted the rate adjustment, will be \$ 57,994.

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 09/21/07 (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.

Company Name: MOUNTAIN DELL WATER, Inc.	Test Year Ended: 12-31-06
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COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	TEST YEAR
461	Metered Water Revenue	\$ 38257	\$ 38666
460	Unmetered Water Revenue	Ø	Ø
474	Other Water Revenues	540	630
	TOTAL OPERATING REVENUES	\$ 38797	\$ 39296 *
	OPERATING EXPENSES		
601	Salaries and Wages (See page 1, item 4)	\$ Ø	\$ Ø
610	Purchased Water (See page 1, item 5)	Ø	Ø
615	Purchased Power (See page 1, item 6)	6158	9608
618	Chemicals	Ø	Ø
620	Repairs and Maintenance (See page 1, item 7)	3117	3635
621	Office Supplies and Expense	3288	2352
630	Outside Services (See page 1, item 8)	1688	3682
635	Water Testing (See page 1, item 9)	508	1494
641	Rents	7200	4500
650	Transportation Expenses	Ø	Ø
657	Insurance - General Liability	4390	3817
659	Insurance - Health and Life	Ø	Ø
666	Regulatory Commission Expense - Rate Case	Ø	Ø
675	Miscellaneous Expense	201	352
403	Depreciation Expense (From page 20)	2998	4065
408	Taxes Other Than Income	2462	2542
408.11	Property Taxes (See page 1, item 10)	1511	1271
409	Income Tax	Ø	Ø
	TOTAL OPERATING EXPENSES	\$ 33521	\$ 37324
	OPERATING INCOME/(LOSS)	\$ 5276	\$ 1972
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ Ø	\$ Ø
421	Non-Utility Income	Ø	Ø
426	Miscellaneous Non-Utility Expenses	Ø	Ø
427	Interest Expense	Ø	Ø
	TOTAL OTHER INCOME/(EXPENSE)	\$ Ø	\$ Ø
	NET INCOME/(LOSS)	\$ 5276	\$ 1972

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."

WATER USE DATA SHEET

NAME OF COMPANY	MOUNTAIN DELL WATER, INC.
ADEQ Public Water System Number:	403015

MONTH/YEAR (12 Months of Test Year)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)
1. JANUARY	86	360	440
2. FEBRUARY	86	373	531
3. MARCH	86	348	463
4. APRIL	86	322	516
5. MAY	86	541	737
6. JUNE	86	541	753
7. JULY	86	672	792
8. AUGUST	86	475	637
9. SEPTEMBER	86	446	665
10. OCTOBER	86	484	638
11. NOVEMBER	86	457	656
12. DECEMBER	86	352	521
TOTAL	N/A	6371 *	7354 **

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.

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
 DRINKING WATER INORGANIC CHEMICAL ANALYSIS REPORT
 *** SAMPLES TO BE TAKEN AT P.O.E. ONLY***

SENT TO ADEQ

03-015 Mountain Dell Water
 System ID System Name

06/19/2007 11:00 (24 hr clock)

Sample date Sample time

(928) 774-9550

Owner / Contact Fax Number

Sample Type

Compliance Monitoring

Sample Collection Point

Point of Entry#

1341 Palm NW Tank

Sampling Site ID

Peter Reznick

Owner / Contact Person Name

928-774-7805

Owner / Contact Person Phone Number

For MCL or Composite Level Exceedance	
_____	Original Violation Specimen Number
Sample Type	
<input type="checkbox"/>	Confirmation
<input type="checkbox"/>	Confirmation Composite

INORGANIC CHEMICAL ANALYSIS

>>>To be filled out by laboratory personnel<<<

Analysis Method	MCL	Reporting Limit	Contaminant Name	Cont. Code	Analysis Run Date	Result	Exceeds MCL	Exceeds Reporting Limit
EPA 200.9	0.01	0.01	Arsenic	1005	06/28/2007 17:03	0.004	<input type="checkbox"/>	<input type="checkbox"/>
Calculation	10	5	Nitrate (as N)	1040	07/06/2007 11:00	1.92	<input type="checkbox"/>	<input type="checkbox"/>
SM 4500 NO2 B	1	0.5	Nitrite (as N)	1041	06/20/2007 15:45	<0.10	<input type="checkbox"/>	<input type="checkbox"/>

7061290-01

SPECIMEN NUMBER

>>>> LABORATORY INFORMATION <<<<<

To be filled out by laboratory personnel

ID Number AZ0004 Name: Legend Technical Services of Arizona

Comments:

Authorized Signature: *Barbara Frank*

Date Public Water System Notified:

* Unregulated Contaminants

All units must be reported in milligrams per liter (mg/L)

Mountain Dell Water, Inc.

Test Year Ended 12/31/06

The number of connections that the Company expects to add for the next five years (2007-2011) is zero (0).