

ORIGINAL



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MEMORANDUM

TO: Docket Control

FROM: Ernest G. Johnson
Director
Utilities Division

DATE: February 29, 2008

RE: STAFF REPORT FOR MOUNTAIN DELL WATER, INC. FOR A PERMANENT
RATE INCREASE DOCKET NO. W-01877A-07-0540

Attached is the Staff Report for Mountain Dell Water, Inc. application for a permanent rate increase. Staff recommends approval its recommended rates and charges.

Any party to this procedure who wishes may file comments to the Staff Report with the Commission's Docket Control by 4:00 p.m. on or before March 10, 2008.

EGJ:DRR:tdp

Originator: Dennis R. Rogers

Arizona Corporation Commission

DOCKETED

FEB 29 2008

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Service List for: Mountain Dell Water, Inc.
Docket No.: W-01877A-07-0540

Mr. Peter Reznick, President
Mountain Dell Water, Inc.
1492 West Palmer Avenue
Flagstaff, Arizona 86001

Mr. Christopher C. Kempley
Chief, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Mr. Ernest G. Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Lyn Farmer
Chief, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

**STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION**

MOUNTAIN DELL WATER, INC.

DOCKET NO. W-01877A-07-0540

**APPLICATION FOR A
PERMANENT RATE INCREASE**

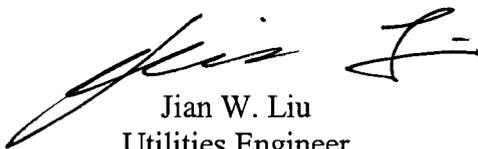
FEBRUARY 29, 2008

STAFF ACKNOWLEDGMENT

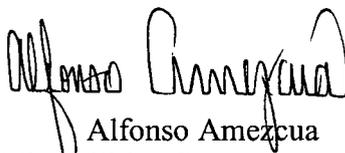
The Staff Report for Mountain Dell Water, Inc. Docket No. W-01877A-07-0540, was the responsibility of the Staff members listed below. Dennis R. Rogers was responsible for the review and analysis of the Company's application, recommended revenue requirement, rate base and rate design. Jian W. Liu was responsible for the engineering and technical analysis. Alfonso Amezcua was responsible for reviewing customer complaints filed with the Commission.



Dennis R. Rogers
Public Utility Analyst V



Jian W. Liu
Utilities Engineer



Alfonso Amezcua
Public Utilities Consumer Analyst II

EXECUTIVE SUMMARY
MOUNTAIN DELL WATER, INC.
W-01877A-07-0540

Mountain Dell Water, Inc. ("Company") is located approximately 1 mile south of Flagstaff in Coconino County. The Company provides service to approximately 89 customers. The Company's current rates became effective February 1, 1993. The Company provides service to approximately 89 customers.

The Company proposed rates, as filed, produce total operating revenue of \$58,945, an increase of \$19,649 or 50.0 percent above the Company's test year revenue of \$39,296, to provide an operating income of \$21,627 and a 33.16 percent rate of return on a \$65,221 rate base and an operating margin of 36.69 percent. The Company's requested rates would increase the typical residential bill with a median usage of 2,495 gallons from \$25.35 to \$37.61 for an increase of \$12.26 or 48.4 percent.

Staff recommends rates that would produce total operating revenue of \$50,925, an increase of \$10,958 or 27.4 percent over the Staff adjusted test year revenue of \$39,967, to provide an operating income of \$6,829 and an 8.12 percent rate of return on an \$84,121 rate base and an operating margin of 13.41 percent. Staff's recommended revenue would provide the Company sufficient revenue to meet all obligations. Staff's recommended rates would increase the typical residential bill with a median usage of 2,495 gallons from \$25.35 to \$31.73 for an increase of \$6.38 or 25.2 percent.

Staff recommends its rates and charges as presented on Schedule 4 of this report.

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ATTACHMENT

Engineering Report	Attachment A
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Fact sheet:

Current Rates: Decision No. 58148, January 13, 1993, rates effective February 1, 1993.

Type of Ownership: Arizona "S" Corporation.

Location: The Company serves customers in Coconino County.

Rates:

Permanent rate increase application filed: September 24, 2007. Letter of Deficiency sent October 23, 2007. Application found sufficient on December 10, 2007.

Current Test Year Ended: December 31, 2006

Monthly Minimum Charges:

	<u>Company Current Rates</u>	<u>Company Proposed Rates</u>	<u>Staff Recommended Rates</u>
Monthly Minimum Charge Based on 5/8 x 3/4-inch meter	\$19.00	\$28.50	\$24.00
Gallons in Minimum	1,000	0	0
Commodity Charge Excess of minimum, per 1,000 gallons			
Tier One 0 to 3,000 gallons	4.25	3.65	3.10
Tier Two 3,001 to 10,000 gallons	4.25	5.48	4.70
Tier Three 10,001 to infinite	4.25	6.57	6.00
Typical residential bill (Based on median usage of 2,495 gallons)	\$25.35	\$37.61	\$31.73

Customers:

Average number of customers in prior test year: 89 and for the current test year: 89.

Notification:

Customers Notification was mailed September 21, 2007.

Complaints:

There were no opinions filed regarding the rate increase.

Summary of Filing:

The test year results, as adjusted by Utilities Division Staff ("Staff") of the Arizona Corporation Commission ("Commission"), show that Mountain Dell Water, Inc. ("Company") realized an operating loss of \$3,933 for a no rate of return and no operating margin as shown on Schedule 1.

The Company proposed rates, as filed, produce total operating revenue of \$58,945, an increase of \$19,649 or 50.0 percent above the Company's test year revenue of \$39,296, to provide an operating income of \$21,627 and a 33.16 percent rate of return on a \$65,221 rate base and an operating margin of 36.69 percent. The Company's requested rates would increase the typical residential bill with a median usage of 2,495 gallons from \$25.35 to \$37.61 for an increase of \$12.26 or 48.4 percent.

Staff recommends rates that would produce total operating revenue of \$50,925, an increase of \$10,958 or 27.4 percent over the Staff adjusted test year revenue of \$39,967, to provide an operating income of \$6,829 and an 8.12 percent rate of return on an \$84,121 rate base and an operating margin of 13.41 percent. Staff's recommended revenue would provide the Company sufficient revenue to meet all obligations. Staff's recommended rates would increase the typical residential bill with a median usage of 2,495 gallons from \$25.35 to \$31.73 for an increase of \$6.38 or 25.2 percent.

Background

On September 24, 2007, the Company filed an application for a permanent rate increase with the Commission. On October 23, 2007, the application was deemed deficient. On November 27, 2007, the Company submitted revisions to its original application, and it was found sufficient on December 10, 2007. The Company's application states that the requested rate increase is needed due to aging infrastructure, replacement of storage tanks and maintenance required on Well No. 1.

Consumer Services

A review of the Commission's records revealed that from January 1, 2005, to present there have been no complaints or opinions filed.

Compliance

A check with the Utilities Division Compliance Section showed no outstanding compliance issues.

The Company is current in its property and sales tax payments.

The Company is in good standing with the Corporations Division of the Commission.

The Company is in compliance with the new arsenic maximum contaminant level.

The Company filed a Curtailment Plan Tariff on October 24, 2007.

The Company has an approved backflow prevention tariff that became effective on October 13, 1998.

The Company is not located within any Active Management Area and is not subject to conservation and monitoring requirements.

Rate Base

Staff's recommended adjustments increase rate base by \$18,900 from \$65,221 to \$84,121 as shown in Schedule DRR, page 1. Details of Staff's adjustments are discussed below.

Plant In Service – Adjustment A increases plant in service by \$20,677 from \$139,032 to \$159,769. The adjustment reflects recognition of unrecorded additions, correction of recording errors and removal of unsupported amounts as presented in detail in Schedule DRR-2, page 3.

Accumulated Depreciation - Adjustment B increases Accumulated Depreciation by \$4,711 from \$73,871 to \$78,582. Staff calculated an accumulated depreciation balance by adding depreciation expense for the years 1992 through the end of 2006 and subtracting accumulated depreciation for recorded and Staff recommended plant retirements to the Commission approved \$41,544 balance for accumulated depreciation in the prior test year ended December 31, 1991. Detail pertaining to the adjustment is presented in Schedule DRR-2, pages 4 through 6.

Working Capital – Adjustments C and D provide a cash working capital allowance of \$2,935 based on the formula method. The formula method recognizes one-eighth of the operating expenses excluding depreciation, taxes, purchased power expenses plus one twenty-fourth of purchased power expenses. The Company did not claim a cash working capital allowance.

Operating Income Statement

Staff's adjustments decreased the Company's proposed test year operating results by \$6,107 from a \$1,978 operating income to a \$4,129 operating loss as shown in Schedule DRR-3, page 1. Details of Staff's adjustments to operating revenues and expenses are discussed below.

Operating Revenue

Metered Water Revenue – Adjustment A increases metered revenue by \$671, from \$38,666 to \$39,337, to reflect the revenue generated by the test year billing determinants in the Company's filing.

Operating Expenses

Staff's adjustments to operating expenses resulted in a net increase of \$6,778 from \$37,318 to \$44,096.

Purchased Power - Adjustment B decreases this account by \$703 to reflect actual Test Year invoice totals.

Repairs and Maintenance - Adjustment C increase this account by \$1,167 to recognize unrecorded actual test year supported expenses.

Office Supplies and Expense - Adjustment D decreases this account by \$131 to reflect actual expenses incurred during the test year.

Outside Services - Adjustment E decreases this account by \$245 to reflect actual test year expenses.

Water Testing - Adjustment F increases this account by \$30 to \$1,524 (See Engineering Report).

Miscellaneous Expense - Adjustment G decreases this account by \$143 to reflect documented expenses incurred in the test year.

Depreciation - Adjustment H increases Depreciation Expense by \$6,803 from \$4,605 to \$10,868 as shown on Schedule DRR-3, page 3. This adjustment reflects application of Staff's recommended depreciation rates, by account, as shown in Exhibit 6 of the Engineering Report to Staff's recommended depreciable plant balances on a going forward basis.

Revenue Requirement

Staff recommends total operating revenue of \$50,925, an increase of \$10,958 or 27.4 percent over the Staff adjusted test year revenue of \$39,967, to provide an operating income of \$6,829 and an 8.12 percent rate of return on an \$84,121 rate base and an operating margin of 13.41 percent. Staff's recommended revenue would provide the Company sufficient revenue to meet all obligations.

Rate Design

Schedule DRR-4 presents a complete list of the Company's present, proposed, and Staff's recommended rates and charges.

The present rate design is a uniform commodity rate structure with 1,000 gallons included in the minimum monthly charge. The minimum charges by meter size are as follows: 5/8 x 3/4- and 3/4-inch, \$19.00; 1.-inch, \$26.00; 1.5-inch, \$50.00; and 2-inch, \$80.00.

The Company proposes rates only for the following meter sizes: 5/8 x 3/4-inch; 3/4-inch, and; 1-inch. The Company proposes an inverted three-tier rate design with break-over points at 3,000 and 10,000 gallons. For 1-inch meters, the Company proposes an inverted two-tier rate design with a break-over point at 10,000 gallons. The Company's proposed rates would increase the median usage (2,495 gallons) 5/8 x 3/4-inch residential customer's bill from \$25.35 to \$37.61, for an increase of \$12.26 or 48.4 percent.

Staff recommends a three-tier inverted rate structure for 5/8 x 3/4-inch and 3/4-inch meters and a two-tier inverted rate structure for larger meters with zero gallons included in the minimum monthly charge. The break-over points for 5/8 x 3/4-inch and 3/4-inch meters are at 3,000 and 10,000 gallons. Staff's recommended rates would increase the median usage (2,495 gallons) 5/8 x 3/4-inch meter residential customer's bill from \$25.35 to \$31.73, an increase of \$6.38 or 25.2 percent.

The Company proposes to increase the Establishment Service Charge from \$30.00 to \$45.00. Staff finds that the current \$30.00 rate is a reasonable and normal and recommends continuation of the current rate.

The Company proposes to increase the Establishment Service Charge (After Hours) from \$35.00 to \$52.50. Staff finds \$45 as a reasonable and normal charge and recommends it.

The Company proposes to increase Reconnection (Delinquent) fee from \$30.00 to \$45.00. Staff finds \$45 as a reasonable and normal charge and recommends it.

The Company proposes to increase service charges for NSF Checks from \$10.00 to \$15.00. Staff finds \$15 as a reasonable and normal charge and recommends it.

The Company proposes to increase the Meter Re-read fee (if correct) from \$10.00 to \$15.00. Staff finds \$15 as a reasonable and normal charge and recommends it.

Staff Recommendations

Staff recommends:

- Approval of Staff's rates and charges as shown on Schedule 4, in addition to collection of its regular rates and charges, the Company may collect from its customers a proportionate share of any privilege, sales or use tax per Commission Rule (14-2-409D-5).
- That the Company file with Docket Control, as a compliance item in this docket, a schedule of its approved rates and charges within 30 days after the Decision in this matter is issued.
- Authorization of the depreciation rates shown in the Engineering report.
- Staff recommends that within 90 days of a Decision in this matter the Company file with Docket Control, as a compliance item in this docket, a detailed plan demonstrating how the Company will reduce its water loss to less than 10 percent. If the Company finds that reduction of water loss to less than 10 percent is not cost-effective, the Company should submit a detailed cost analysis and explanation demonstrating why water loss reduction to less than 10 percent is not cost-effective. The Company must reduce its water loss to less than 15% by December 31, 2009.

SUMMARY OF FILING

	-- Present Rates --		-- Proposed Rates --	
	Company as Filed	Staff as Adjusted	Company as Filed	Staff as Adjusted
Revenues:				
Metered Water Revenue	\$38,666	\$39,337	\$58,315	\$49,980
Unmetered Water Revenue	0	0	0	0
Other Water Revenues	630	630	630	945
Total Operating Revenue	\$39,296	\$39,967	\$58,945	\$50,925
Operating Expenses:				
Operation and Maintenance	\$29,440	\$29,415	\$29,440	\$29,415
Depreciation	4,065	10,868	4,065	10,868
Property & Other Taxes	3,813	3,813	3,813	3,813
Income Tax	0	0	0	0
Total Operating Expense	\$37,318	\$44,096	\$37,318	\$44,096
Operating Income/(Loss)	\$1,978	(\$4,129)	\$21,627	\$6,829
Rate Base O.C.L.D.	\$65,221	\$84,121	\$65,221	\$84,121
Rate of Return - O.C.L.D.	3.03%	N/M	33.16%	8.12%
Times Interest Earned Ratio (Pre-Tax)	N/M	N/M	N/M	N/M
Debt Service Coverage Ratio (Pre-Tax)	N/M	N/M	N/M	N/M
Operating Margin	5.03%	N/M	36.69%	13.41%

- NOTES: 1. The times interest earned ratio (TIER) represents the ability of the Company to pay interest expenses before taxes.
2. Operating Margin represents the proportion of funds available to pay interest and other below the line or non-ratemaking expenses.

RATE BASE

	----- Original Cost -----			Staff
	Company	Adjustment		
Plant in Service	\$139,092	\$20,677	A	\$159,769
Less:				
Accum. Depreciation	73,871	4,711	B	78,582
Net Plant	\$65,221	\$15,966		\$81,187
Less:				
Plant Advances	\$0	\$0		\$0
Accumulated Deferred Income Taxes	0	0		0
Total Advances	\$0	\$0		\$0
Contributions Gross	\$0	\$0		\$0
Less:				
Amortization of CIAC	0	0		0
Net CIAC	\$0	\$0		\$0
Total Deductions	\$0	\$0		\$0
Plus:				
1/24 Power	\$0	\$371	C	\$371
1/8 Operation & Maint.	0	2,564	D	2,564
Inventory	0	0		0
Prepayments	0	0		0
Total Additions	\$0	\$2,935		\$2,935
Rate Base	\$65,221	\$18,900		\$84,121

A Schedule DRR-2, Page 2
B Schedule DRR-2, Page 4

SUMMARY OF ADJUSTMENTS FOR PLANT IN SERVICE

<u>Acct. No.</u>	<u>Description</u>	<u>Company</u>	<u>Staff</u>	<u>Ref</u>	<u>Difference</u>
301	Organization	\$ -	\$ -		\$ -
302	Franchises	-	-		-
303	Land and Land Rights	15,000	15,000		-
304	Structures & Improvements	5,437	12,302	A	6,865
305	Collecting & Impounding Reservoirs	-	-		-
306	Lakes, Rivers, Other Intakes	-	-		-
307	Wells and Springs	14,000	14,000		-
308	Infiltration Galleries and Tunnels	-	-		-
309	Supply Mains	-	-		-
310	Power Generation Equipment	-	-		-
311	Pumping Equipment	45,982	60,228	B1,B2	14,246
320	Water Treatment Plant	-	-		-
330	Distribution Reservoirs & Standpipes	19,861	19,711	C	(150)
331	Transmission & Distribution Mains	2,500	2,500		-
333	Services	-	-		-
334	Meters & Meter Installation	3,160	4,726	D	1,566
335	Hydrants	-	-		-
336	Backflow Prevention Devices	-	-		-
339	Other Plant & Misc. Equipment	4,143	4,143		-
340	Office Furniture & Equipment	1,500	1,500		-
341	Transportation Equipment	8,157	5,907	E	(2,250)
342	Stores Equipment	-	-		-
343	Tools, Ship & Garage Equipment	15,000	15,000		-
344	Laboratory Equipment	-	-		-
345	Power Operated Equipment	1,381	1,781	F	400
346	Communication Equipment	-	-		-
347	Miscellaneous Equipment	-	-		-
348	Other Tangible Plant	2,971	2,971		-
	Totals	<u>\$ 139,092</u>	<u>\$ 159,769</u>		<u>\$ 20,677</u>

EXPLANATION OF ADJUSTMENTS TO PLANT

<u>Ref</u>	<u>Acct. No.</u>				
A	304	Structures & Improvements Per Staff	\$ -	6,865	\$ 6,865
		To record fencing around water service area not recorded. Buffalo Fence Co. Inv. 33043A Check No/ 3371 6/12/2003			
B1	311	Pumping Equipment Per Staff	\$ 6,372	8,188	\$ 1,816
		To record Flagstaff Well Invoice paid with two separate checks, only one posted to Company books. 3/8/1994			
B2	311	Pumping Equipment Per Staff	\$ -	12,430	\$ 12,430
		To record submersible pump 460V, Flagstaff Well & Supply Co. Inv. 2482 Check No 3401 9/19/2033 not recorded.			
C	330	Distribution Reservoirs & Standpipes Per Staff	\$ 4,868	4,718	\$ (150)
		To correct posting error Lee Tanks, Check Nos. 3492 and 3495 for \$1,400 and \$3,318 respectively on 9/29/04.			
D	334	Meters & Meter Installation Per Staff	\$ -	1,566	\$ 1,566
		To record payments to Central AZ Supply not booked to Company Records: 1997 - \$256, 1998 - \$400 and 2005 for \$910.			
E	341	Transportation Equipment Per Staff	\$ 5,000	2,750	\$ (2,250)
		To remove unsupported plant. Only \$2,750 related to a to a 1996 purchase is supported.			
F	345	Power Operated Equipment Per Staff	\$ 1,381	1,781	\$ 400
		To record invoice paid to Rohrig Electrical Services not posted Check No. 2234 7/29/94			

ACCUMULATED DEPRECIATION ADJUSTMENT

Accumulated Depreciation - Per Company	\$73,871
Accumulated Depreciation - Per Staff	78,582
Total Adjustment	\$ 4,711 A

Note: Both the Company and Staff agree on individual beginning balances amounts totaling \$41,544 per prior Decision No. 58148, Test Year Ending December 31, 1991

SUMMARY OF ADJUSTMENTS

<u>Acct. No.</u>	<u>Description</u>	<u>Company</u>	<u>Staff</u>	<u>Ref</u>	<u>Difference</u>
301	Organization	\$ -	\$ -		\$ -
302	Franchises	-	-		-
303	Land and Land Rights	-	-		-
304	Structures & Improvements	5,437	6,638	A	1,201
305	Collecting & Impounding Reservoirs	-	-		-
306	Lakes, Rivers, Other Intakes	-	-		-
307	Wells and Springs	-	14,000	B	14,000
308	Infiltration Galleries and Tunnels	-	-		-
309	Supply Mains	-	-		-
310	Power Generation Equipment	-	-		-
311	Pumping Equipment	17,171	16,236	C	(935)
320	Water Treatment Plant	-	-		-
330	Distribution Reservoirs & Standpipes	12,830	10,929	D	(1,901)
331	Transmission & Distribution Mains	2,500	2,500		0
333	Services	-	-		-
334	Meters & Meter Installation	2,980	3,557	E	577
335	Hydrants	-	-		-
336	Backflow Prevention Devices	-	-		-
339	Other Plant & Misc. Equipment	3,944	518	F	(3,426)
340	Office Furniture & Equipment	1,500	1,500		(0)
341	Transportation Equipment	8,157	5,216	G	(2,941)
342	Stores Equipment	-	-		-
343	Tools, Shop & Garage Equipment	15,000	15,000		0
344	Laboratory Equipment	-	-		-
345	Power Operated Equipment	1,381	928	H	(453)
346	Communication Equipment	-	-		-
347	Miscellaneous Equipment	-	-		-
348	Other Tangible Plant	2,971	1,560	I	(1,411)
	Totals	\$ 73,871	\$ 78,582		\$ 4,711

EXPLANATION OF ADJUSTMENTS TO ACCUMULATED DEPRECIATION

<u>Ref</u>	<u>Acct. No.</u>	<u>Description</u>			
A	304	Structures & Improvements Per Staff	\$ 5,437		
			6,638	\$	1,201
		To recognize accumulated depreciation in 2003 plant additions not recorded by the Company and not depreciated.			
B	307	Wells and Springs Per Staff	\$ -		
			14,000	\$	14,000
		To recognize fully depreciated plant at 12/31/2002. The Company did not report any amounts on Page 15 of the application.			
C	311	Pumping Equipment Per Staff	\$ 17,171		
			16,236	\$	(935)
		To correct misstated plant balance and application of an incorrect depreciation rate.			
D	330	Distribution Reservoirs & Standpipes Per Staff	\$ 12,830		
			10,929	\$	(1,901)
		To reflect application of the authorized rate to Staff's plant balance for the inter- vening years between rate cases.			
E	334	Meters & Meter Installation Per Staff	\$ 2,980		
			3,557	\$	577
		To recognize accumulated depreciation for Plant in Service added since the prior test year but not recorded.			
F	339	Other Plant & Misc. Equipment Per Staff	\$ 3,944		
			518	\$	(3,426)
		To recognize accumulated depreciation on Plant added in 2004 using a 5 percent depreciation rate. (\$14,142 x .05 x 2.5 years = \$518).			

G	341 Transportation Equipment Per Staff	\$ 8,157 <u>5,216</u>	\$ <u>(2,941)</u>
	To reduce the accumulated depreciation to reflect application of the acuthorized depreciation rate and to remove accumulated depreciation on a truck not used for utility purposes.		
H	345 Power Operated Equipment Per Staff	\$ 1,381 <u>928</u>	\$ <u>(453)</u>
	To reflect application of a 5 percent depreciation rate for additions of \$400 in 1994 and \$1,381 in 1999 using the half year convention. (\$400 x .05 x 15.5 yrs = \$310. \$1,381 x .05 x 7.5 years = \$618.) \$310 + \$618 = \$928.		
I	348 Other Tangible Plant Per Staff	\$ 2,971 <u>1,560</u>	\$ <u>(1,411)</u>
	To reflect application of a 5 percent depreciation rate to plant additions of \$2,971 in 1996. (\$2,971 x .05 x 10.5 years = \$1,560.)		

STATEMENT OF OPERATING INCOME

	Company Exhibit	Staff Adjustments	Staff Adjusted
Revenues:			
461 Metered Water Revenue	\$38,666	\$671 A	\$39,337
460 Unmetered Water Revenue	0	0	0
474 Other Water Revenues	630	0	630
Total Operating Revenue	\$39,296	\$671	\$39,967
Operating Expenses:			
601 Salaries and Wages	\$0	\$0	\$0
610 Purchased Water	0	0	0
615 Purchased Power	9,608	(703) B	8,905
618 Chemicals	0	0	0
620 Repairs and Maintenance	3,635	1,167 C	4,802
621 Office Supplies & Expense	2,352	(131) D	2,221
630 Outside Services	3,682	(245) E	3,437
635 Water Testing	1,494	30 F	1,524
641 Rents	4,500	0	4,500
650 Transportation Expenses	0	0	0
657 Insurance - General Liability	3,817	0	3,817
659 Insurance - Health and Life	0	0	0
666 Regulatory Commission Expense - Rate Case	0	0	0
675 Miscellaneous Expense	352	(143) G	209
403 Depreciation Expense	4,065	6,803 H	10,868
408 Taxes Other Than Income	2,542	0	2,542
408.11 Property Taxes	1,271	0	1,271
409 Income Tax	0	0	0
Total Operating Expenses	\$37,318	\$6,778	\$44,096
OPERATING INCOME/(LOSS)	\$1,978	(\$6,107)	(\$4,129)
Other Income/(Expense):			
419 Interest and Dividend Income	\$0	\$0	\$0
421 Non-Utility Income	0	0	0
427 Interest Expense	0	0	0
4XX Reserve/Replacement Fund Deposit	0	0	0
426 Miscellaneous Non-Utility Expense	0	0	0
Total Other Income/(Expense)	\$0	\$0	\$0
NET INCOME/(LOSS)	\$1,978	\$ (6,107)	(\$4,129)

STAFF ADJUSTMENTS TO OPERATING INCOME

A	METERED WATER REVENUE - Per Company	\$38,666	
	Per Staff	39,337	\$671
	To reflect revenue generated by billing determinants.		
B	PURCHASED POWER - Per Company	\$9,608	
	Per Staff	8,905	(\$703)
	To reflect actual Test Year invoice totals.		
C	REPAIRS AND MAINTENANCE - Per Company	\$3,635	
	Per Staff	4,802	\$1,167
	To recognize as expense invoices paid for during the Test Year but not recorded to the account.		
D	OFFICE SUPPLIES & EXPENSE - Per Company	\$2,352	
	Per Staff	2,221	(\$131)
	To reflect actual Test Year invoice totals.		
E	OUTSIDE SERVICES - Per Company	\$3,682	
	Per Staff	3,437	(\$245)
	To reflect actual Test Year invoice totals.		
F	WATER TESTING - Per Company	\$1,494	
	Per Staff	1,524	\$30
	To reflect normalized ongoing water testing expense.		
G	MISCELLANEOUS EXPENSE - Per Company	\$352	
	Per Staff	209	(\$143)
	To reflect documented costs incurred during the period.		
H	DEPRECIATION - Per Company	\$4,065	
	Per Staff	10,868	\$6,803
	See Schedule 3 Page 3 of 3.		

OPERATING ADJUSTMENT H - DEPRECIATION EXPENSE

Line No.	ACCT NO.	DESCRIPTION	[A] AMOUNT	[B] FULLY DEPRECIATED PLANT	[C] AMOUNT SUBJECT TO DEPRECIATION	[D] ENGINEERING RECOMMENDED RATE	[E] EXPENSE
1	301	Organization	\$ -	\$ -	\$ -	0.00%	\$ -
2	302	Franchises	-	-	-	0.00%	-
3	303	Land & Land Rights	15,000	-	15,000	0.00%	-
4	304	Structures & Improvements	12,302	5,437	6,865	3.33%	229
5	307	Wells & Springs	14,000	14,000	-	3.33%	-
6	311	Pumping Equipment	60,228	-	60,228	12.50%	7,529
7	320	Water Treatment Equipment	-	-	-	3.33%	-
8	330	Distribution Reservoirs & Standpipes	19,711	-	19,711	5.00%	986
9	331	Transmission & Distribution Mains	2,500	2,500	-	2.00%	-
10	333	Services	-	-	-	3.33%	-
11	334	Meters & Meter Installations	4,726	3,160	1,566	8.33%	130
12	335	Hydrants	-	-	-	2.00%	-
13	336	Backflow Prevention Devices	-	-	-	6.67%	-
14	339	Other Plant and Misc. Equipment	4,143	-	4,143	6.67%	276
15	340	Office Furniture & Equipment	1,500	-	1,500	20.00%	300
16	341	Transportation Equipment	5,907	-	5,907	20.00%	1,181
17	342	Stores Equipment	-	-	-	4.00%	-
18	343	Tools Shop & Garage Equipment	15,000	15,000	-	5.00%	-
19	344	Laboratory Equipment	-	-	-	10.00%	-
20	345	Power Operated Equipment	1,781	-	1,781	5.00%	89
21	346	Communication Equipment	-	-	-	10.00%	-
22	347	Miscellaneous Equipment	-	-	-	10.00%	-
24	347	Miscellaneous Equipment	-	-	-	5.00%	-
25	348	Other Tangible Plant	2,971	-	2,971	5.00%	149
26			<u>\$ 159,769</u>	<u>\$ 40,097</u>	<u>\$ 119,672</u>		<u>\$ 10,868</u>
27							
28		Staff Recommended Plant in Service Balance		\$ 159,769			\$ 10,868
29		Less: Amount not subject to Depreciation	\$ 15,000				4,065
30		Fully Depreciated Plant	40,097	55,097			\$ 6,803
		Depreciable Plant		\$ 104,672			
		Staff Recommended Depreciation Expense					\$ 10,868
		Company Proposed Depreciation Expense					4,065
		Staff Adjustment					\$ 6,803
		Amortization of Contributions					
		1. Amortization of Contributions at Depreciation Expense Composite Rate			\$ -	6.50%	\$ -

Monthly Usage Charge

5/8 x 3/4" Meter
3/4" Meter
1" Meter
1½" Meter
2" Meter
3" Meter
4" Meter
6" Meter

Gallons included in Minimum

Commodity Rates

All meter sizes

Per 1,000 gallons in excess of gallons in monthly minimum

5/8 x 3/4 Inch Meter

Tier 1 zero gallon to 3,000 gallons
Tier 2 3,001 to 10,000 gallons
Tier 3 All gallons over 10,00 gallons

3/4 Inch Meter

Tier 1 zero gallon to 3,000 gallons
Tier 2 3,001 gallons to 10,000 gallons
Tier 3 All gallons over 10,000 gallons

1 Inch Meter

Company: Tier 1 Up to 10,000 gallons
Company: Tier 2 Over 10,000 gallons
Staff: Tier 1 Up to 27,000 gallons
Staff: Tier 2 Over 27,000 gallons

1.5 Inch Meter

Tier 1 Up to 70,000 gallons
Tier 2 Over 70,000 gallons

2 Inch Meter

Tier 1 Up to 120,000 gallons
Tier 2 Over 120,000 gallons

3 Inch Meter

Tier 1 Up to 260,000 gallons
Tier 2 Over 260,000 gallons

4 Inch Meter

Tier 1 Up to 420,000 gallons
Tier 2 Over 420,000 gallons

6 Inch Meter

Tier 1 Up to 850,000 gallons
Tier 2 Over 850,000 gallons

RATE DESIGN		
Present Rates	Company Proposed Rates	Staff Recommended Rates
\$ 19.00	\$ 28.50	\$ 24.00
19.00	28.50	36.20
26.00	71.50	60.30
50.00	N/T	120.60
80.00	N/T	192.95
N/T	N/T	385.90
N/T	N/T	603.00
N/T	N/T	1,206.00
1,000	ZERO	ZERO
\$ 4.25	See Below	See Below
N/T	\$ 3.65	\$ 3.10
N/T	\$ 5.48	\$ 4.70
N/T	\$ 6.57	\$ 6.00
N/T	\$ 3.6500	\$ 3.10
N/T	\$ 5.4800	\$ 4.70
N/T	\$ 6.5700	\$ 6.00
N/T	\$ 5.4800	\$ 4.70
N/T	\$ 6.5700	\$ 6.00
N/T	N/T	\$ 4.70
N/T	N/T	\$ 6.00
N/T	N/T	\$ 4.70
N/T	N/T	\$ 6.00
N/T	N/T	\$ 4.70
N/T	N/T	\$ 6.00
N/T	N/T	\$ 4.70
N/T	N/T	\$ 6.00

Service Line and Meter Installation Charges	Present	COMPANY PROPOSED			STAFF RECOMMENDED		
		Service Line Charge	Meter Installation	Total Proposed	Service Line Charge	Meter Installation	Total Recommended
5/8" x 3/4" Meter	\$ 330.00	\$ -	\$ -	\$ 330.00	\$ 260.00	\$ 70.00	\$ 330.00
3/4" Meter	\$ 360.00	N/T	N/T	\$ 360.00	\$ 280.00	\$ 80.00	\$ 360.00
1" Meter	\$ 411.00	N/T	N/T	\$ 411.00	\$ 280.00	\$ 131.00	\$ 411.00
1½" Meter	\$ 604.00	N/T	N/T	\$ 604.00	\$ 315.00	\$ 289.00	\$ 604.00
2" Turbine Meter	\$ 831.00	N/T	N/T	\$ 831.00	\$ 340.00	\$ 491.00	\$ 831.00
2" Compound Meter	\$ 631.00	N/T	N/T	\$ 631.00	\$ 340.00	\$ 491.00	\$ 631.00
3" Turbine Meter	N/T	N/T	N/T	N/T	N/T	N/T	N/T
3" Compound Meter	N/T	N/T	N/T	N/T	N/T	N/T	N/T
4" Turbine Meter	N/T	N/T	N/T	N/T	N/T	N/T	N/T
4" Compound Meter	N/T	N/T	N/T	N/T	N/T	N/T	N/T
6" Turbine Meter	N/T	N/T	N/T	N/T	N/T	N/T	N/T
6" Compound Meter	N/T	N/T	N/T	N/T	N/T	N/T	N/T
8 Inch	N/T	N/T	N/T	N/T	N/T	N/T	N/T
10 Inch	N/T	N/T	N/T	N/T	N/T	N/T	N/T
12 Inch	N/T	N/T	N/T	N/T	N/T	N/T	N/T

Note: The Company did not propose to change its existing service line and meter installation charges. The Company has experienced zero growth for many years and this situation is expected to continue for the foreseeable future.
(Engineering Report Pager 7, Table C - N/T = No Tariff)

Service Charges	Present	Company Proposed	Staff Recommended
Establishment	\$ 30.00	\$ 45.00	\$ 30.00
Establishment (After Hours)	35.00	52.50	45.00
Reconnection (Delinquent)	30.00	45.00	45.00
Reconnection (After Hours)	N/T	N/T	N/T
Meter Test (If Correct)	25.00	37.50	37.50
Deposit Requirement	*	*	*
Deposit Interest	*	*	*
Re-Establishment	**	**	**
NSF Check	10.00	15.00	15.00
Deferred Payment Per Month	N/T	N/T	N/T
Meter Re-Read (If Correct)	10.00	15.00	15.00
Late Charge per Month	N/T	N/T	N/T

Monthly Service Charge for Fire Sprinkler

	Present	Company Proposed	Staff Recommended
4 inch or Smaller	N/T	N/T	****
6 inch	N/T	N/T	****
8 inch	N/T	N/T	****
10 inch	N/T	N/T	****
Larger than 10 inch	N/T	N/T	****

Company Proposed and Staff Recommended

* Per rule R14-2-403.B
** Months off system time the minimum (R-14-2-403.D)
*** 1.5 percent of the unpaid balance per month.
**** 1.00 percent of monthly minimum for a comparable Sized Meter Connection, but no less than \$5.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.

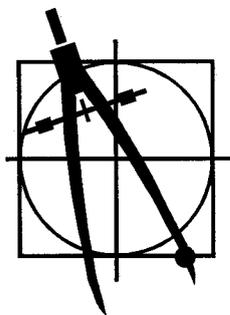
TYPICAL BILL ANALYSIS
General Service 5/8 X 3/4 - Inch Meter

Average Number of Customers: 89

<u>Company Proposed</u>	<u>Gallons</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Average Usage	4,812	\$35.20	\$49.38	\$14.18	40.3%
Median Usage	2,495	\$25.35	\$37.61	\$12.26	48.4%
<u>Staff Recommend</u>					
Average Usage	4,812	\$35.20	\$41.82	\$6.62	18.8%
Median Usage	2,495	\$25.35	\$31.73	\$6.38	25.2%

Present & Proposed Rates (Without Taxes)
General Service 5/8 X 3/4 - Inch Meter

<u>Gallons Consumption</u>	<u>Present Rates</u>	<u>Company Proposed Rates</u>	<u>% Increase</u>	<u>Staff Proposed Rates</u>	<u>% Increase</u>
0	\$19.00	\$28.50	50.0%	\$24.00	26.3%
1,000	19.00	32.15	69.2%	27.10	42.6%
2,000	23.25	35.80	54.0%	30.20	29.9%
3,000	27.50	39.45	43.5%	33.30	21.1%
4,000	31.75	44.93	41.5%	38.00	19.7%
5,000	36.00	50.41	40.0%	42.70	18.6%
6,000	40.25	55.89	38.9%	47.40	17.8%
7,000	44.50	61.37	37.9%	52.10	17.1%
8,000	48.75	66.85	37.1%	56.80	16.5%
9,000	53.00	72.33	36.5%	61.50	16.0%
10,000	57.25	77.81	35.9%	66.20	15.6%
15,000	78.50	110.66	41.0%	96.20	22.5%
20,000	99.75	143.51	43.9%	126.20	26.5%
25,000	121.00	176.36	45.8%	156.20	29.1%
50,000	227.25	340.61	49.9%	306.20	34.7%
75,000	333.50	504.86	51.4%	456.20	36.8%
100,000	439.75	669.11	52.2%	606.20	37.9%
125,000	546.00	833.36	52.6%	756.20	38.5%
150,000	652.25	997.61	52.9%	906.20	38.9%
175,000	758.50	1,161.86	53.2%	1,056.20	39.2%
200,000	864.75	1,326.11	53.4%	1,206.20	39.5%



**Engineering Report for:
Mountain Dell Water, Inc
for a Rate Increase
Docket No. W-01877A-07-0540**

By: Jian W Liu
Utilities Engineer

February 28, 2008

EXECUTIVE SUMMARY

CONCLUSIONS:

1. Based on data submitted by the water system, the Arizona Department of Environmental Quality ("ADEQ") has determined that this system has no deficiencies and is currently delivering water that meets the water quality standards required by the Arizona Administrative Code, Title 18, Chapter 4 (see Section D of this report for further discussion).
2. Based on the Company's arsenic concentration, the Company is in compliance with the new arsenic level.
3. The Company is not located in any Active Management Area ("AMA") and is not subject to any of its AMA monitoring and reporting requirements.
4. Staff concludes that the Mountain Dell Water system has adequate production capacity and storage capacity based on water use data for the year 2006 (see Section B of this report for further discussion).
5. The Company has an approved curtailment tariff that became effective on October 24, 2007.

RECOMMENDATIONS:

1. Staff recommends that the Company use the depreciation rates by individual National Association of Regulatory Utility Commissioners ("NARUC") category listed in Table B on a going forward basis.
2. Water testing expenses are based upon participation in the ADEQ Monitoring Assistance Program. Annual testing expenses should be adjusted to \$1,524 as described in Table 1 (see Section G of this report for further discussion).

3. Staff recommends that the separate service line and meter installation charges listed in Table C be approved (see Section L of this report for further discussion).
4. Staff recommends that within 90 days of a Decision in this matter the Company file with Docket Control, as a compliance item in this docket, a detailed plan demonstrating how the Company will reduce its water loss to less than 10%. If the Company finds that reduction of water loss to less than 10% is not cost-effective, the Company should submit a detailed cost analysis and explanation demonstrating why water loss reduction to less than 10% is not cost-effective. The Company must reduce its water loss to less than 15% by December 31, 2009.

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FIGURES

County Map.....	FIGURE 1
Certificated Area.....	FIGURE 2
Process Schematic.....	FIGURE 3

A. LOCATION OF COMPANY

The Company's water system is located approximately 1 mile south of Flagstaff in Coconino County with a certificated area covering approximately 40 acres. Figure 1 shows the location of Mountain Dell Water, Inc. within Coconino County and Figure 2 shows the certificated area.

B. DESCRIPTION OF THE WATER SYSTEM

The plant facilities were visited on January 17, 2008 by Jian Liu, Staff Utilities Engineer, in the accompaniment of Pete Reznick, Manager of the water system.

The facility follows a typical configuration found in small water systems. It consists of two wells, one 2,000 gallon pressure tank, four storage tanks and a distribution system. Figure 3 provides a process schematic for the water system. Staff concludes that the Mountain Dell Water system has adequate production capacity and storage capacity based on water use data for the year 2006.

(Tabular Description of Water System)

Well Data

	Well No 1	Well No 2
ADWR ID No.	55-802024	55-802025
Casing Size	10 inch	10 inch
Casing Depth	1150 ft	1350 ft
Pump Size	20 Hp	20 Hp
Pump Yield	22 gal/min	37 gal/min

Storage, Pumping

Structure or equipment	Location	Capacity
booster pumps	Pump House	One 10 HP and One 15 HP
pressure tank	Pump House	One 2,000 gal
Storage tank	Near Well No 1	Three 10,000 and One 8,000 gallons

Distribution Mains

Diameter (inch)	Material	Length(ft)
2	Steel	8,000
3		
4		
6		

Meters	
Size (inch)	Quantity
5/8 x 3/4	85
3/4	
1	1

C. ARSENIC

The U.S. Environmental Protection Agency has reduced the arsenic maximum contaminant level ("MCL") in drinking water from 50 parts per billion ("ppb") to 10 ppb. The Company reported its arsenic concentration is 4.0 ppb. Based on this arsenic concentration, the Company is in compliance with the new arsenic standard of 10 ppb.

D. ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY COMPLIANCE ("ADEQ")

Based on data submitted by the water system, ADEQ has determined that this system has no deficiencies and is currently delivering water that meets the water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. (ADEQ Compliance Status Report dated 07/17/07).

E. ARIZONA CORPORATION COMMISSION ("ACC") COMPLIANCE

A check with the Utilities Division Compliance Section showed no outstanding compliance issues. (ACC Compliance Section Email dated 1/29/08)

F. ARIZONA DEPARTMENT OF WATER RESOURCES ("ADWR") COMPLIANCE

The Company is not within any Active Management Area, and consequently is not subject to ADWR reporting and conservation rules.

G. WATER TESTING EXPENSES

The Company is subject to mandatory participation in the Monitoring Assistance Program ("MAP"). Starting January 1, 2002, water companies paid a fixed \$250 per year fee, plus an additional fee of \$2.07 per service connection regardless of meter size for participation in MAP. Participation in the MAP program is mandatory for water systems, which serve less than 10,000 persons (approximately 3,300 service connections).

The Company reported its water testing expense at \$1,494 during the 2006 test year. Staff has reviewed the Company's testing expense and has recalculated the testing costs. Table 1 shows Staff's annual monitoring expense estimate of \$1,524 with participation in the MAP.

Table 1 Water Testing Cost

Monitoring – 2 wells (Tests per 3 years, unless noted.)	Cost per test	No. of tests per 3 years	Total 3 year cost	Annual Cost
Bacteriological – monthly	\$30	36	1080	360
Inorganics – Priority Pollutants	\$480	1	480	160
Gross Alpha	\$110	4	440	110
Nitrate - annual	\$50	3	150	50
Nitrite – once per period	\$30	1	30	10
Asbestos – per 9 years	\$360	1	120	40
MAP – IOCs, SOCs, & VOCs	MAP	MAP	MAP	461
Lead & Copper - annual	\$50	20	1000	333
Total				\$1,524

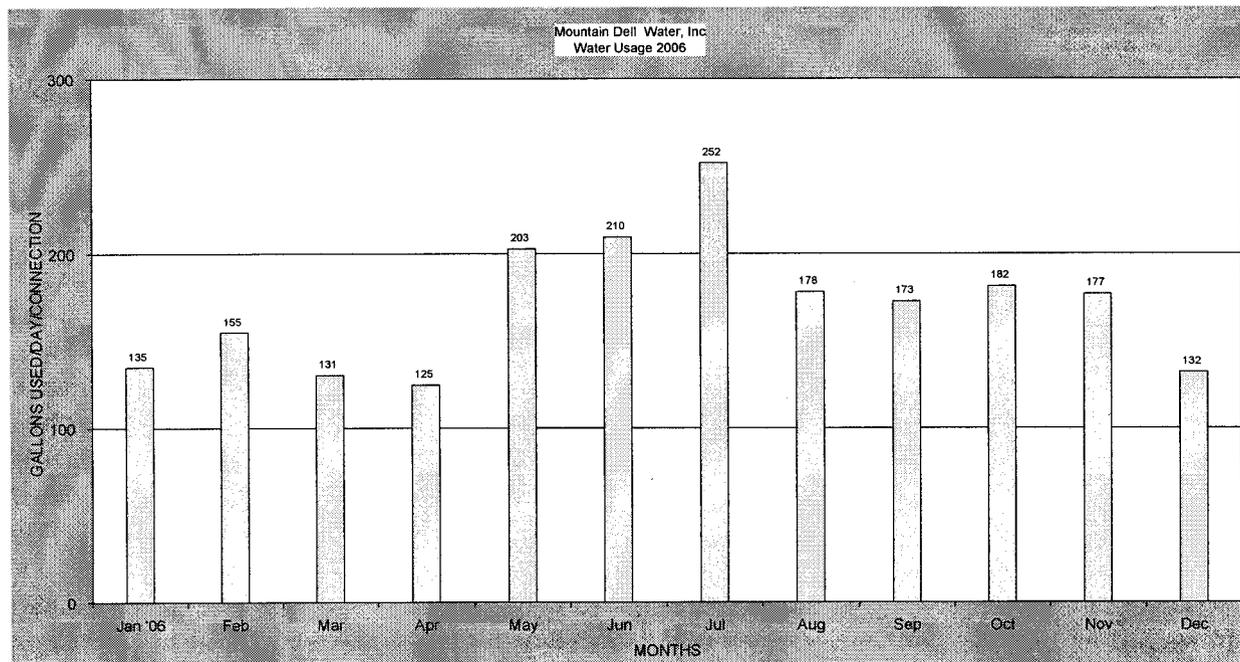
Note: ADEQ's MAP invoice for the 2006 calendar year was \$460.74

Staff recommends its annual water testing expense of \$1,524 be used for purposes of this application.

H. WATER USE

Water Sold

Based on the information provided by the Company, water use for the year 2006 is presented below. The high monthly domestic water use was 252 gal/day per service connection in July and the low monthly domestic water use was 125 gal/day per service connection in April. The average annual use was 171 gal/day per service connection.



Non-account Water

Non-account water should be 10% or less and never more than 15%. It is important to be able to reconcile the difference between water sold and the water produced by the source. A water balance will allow a water company to identify water and revenue losses due to leakage, theft, and flushing. The Company reported 7,349,000 gallons pumped and 5,371,000 gallons sold, resulting in a water loss of 26.92% for 2006. The Company is aware of this water loss percentage and believes the majority of its water loss is due to bad service connection meters.

Staff recommends that within 90 days of a Decision in this matter the Company file with Docket Control, as a compliance item in this docket, a detailed plan demonstrating how the Company will reduce its water loss to less than 10%. If the Company finds that reduction of water loss to less than 10% is not cost-effective, the Company should submit a detailed cost analysis and explanation demonstrating why water loss reduction to less than 10% is not cost-effective. The Company must reduce its water loss to less than 15% by December 31, 2009.

I. GROWTH

The number of service connections was 86 in 2001. During the test year 2006, the Company had 86 customers, therefore, it is projected that the Company should have little to no growth in the foreseeable future.

J. DEPRECIATION RATES

Staff recommends that the Company use the depreciation rates by individual National Association of Regulatory Utility Commissioners ("NARUC") category listed in Table B on a going forward bases.

Table B. Depreciation Rates

NARUC Acct. No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
304	Structures & Improvements	30	3.33
305	Collecting & Impounding Reservoirs	40	2.50
306	Lake, River, Canal Intakes	40	2.50
307	Wells & Springs	30	3.33
308	Infiltration Galleries	15	6.67
309	Raw Water Supply Mains	50	2.00
310	Power Generation Equipment	20	5.00
311	Pumping Equipment	8	12.5
320	Water Treatment Equipment		
320.1	Water Treatment Plants	30	3.33
320.2	Solution Chemical Feeders	5	20.0
330	Distribution Reservoirs & Standpipes		
330.1	Storage Tanks	45	2.22
330.2	Pressure Tanks	20	5.00
331	Transmission & Distribution Mains	50	2.00
333	Services	30	3.33
334	Meters	12	8.33
335	Hydrants	50	2.00
336	Backflow Prevention Devices	15	6.67
339	Other Plant & Misc Equipment	15	6.67
340	Office Furniture & Equipment	15	6.67
340.1	Computers & Software	5	20.00
341	Transportation Equipment	5	20.00
342	Stores Equipment	25	4.00
343	Tools, Shop & Garage Equipment	20	5.00
344	Laboratory Equipment	10	10.00
345	Power Operated Equipment	20	5.00
346	Communication Equipment	10	10.00
347	Miscellaneous Equipment	10	10.00
348	Other Tangible Plant	----	----

NOTES:

1. These depreciation rates represent average expected rates. Water companies may experience different rates due to variations in construction, environment, or the physical and chemical characteristics of the water.
2. Acct. 348, Other Tangible Plant may vary from 5% to 50%. The depreciation rate would be set in accordance with the specific capital items in this account.

K. CURTAILMENT PLAN TARIFF

The Company has an approved curtailment tariff that became effective on October 24, 2007.

L. METER AND SERVICE LINE INSTALLATION CHARGES

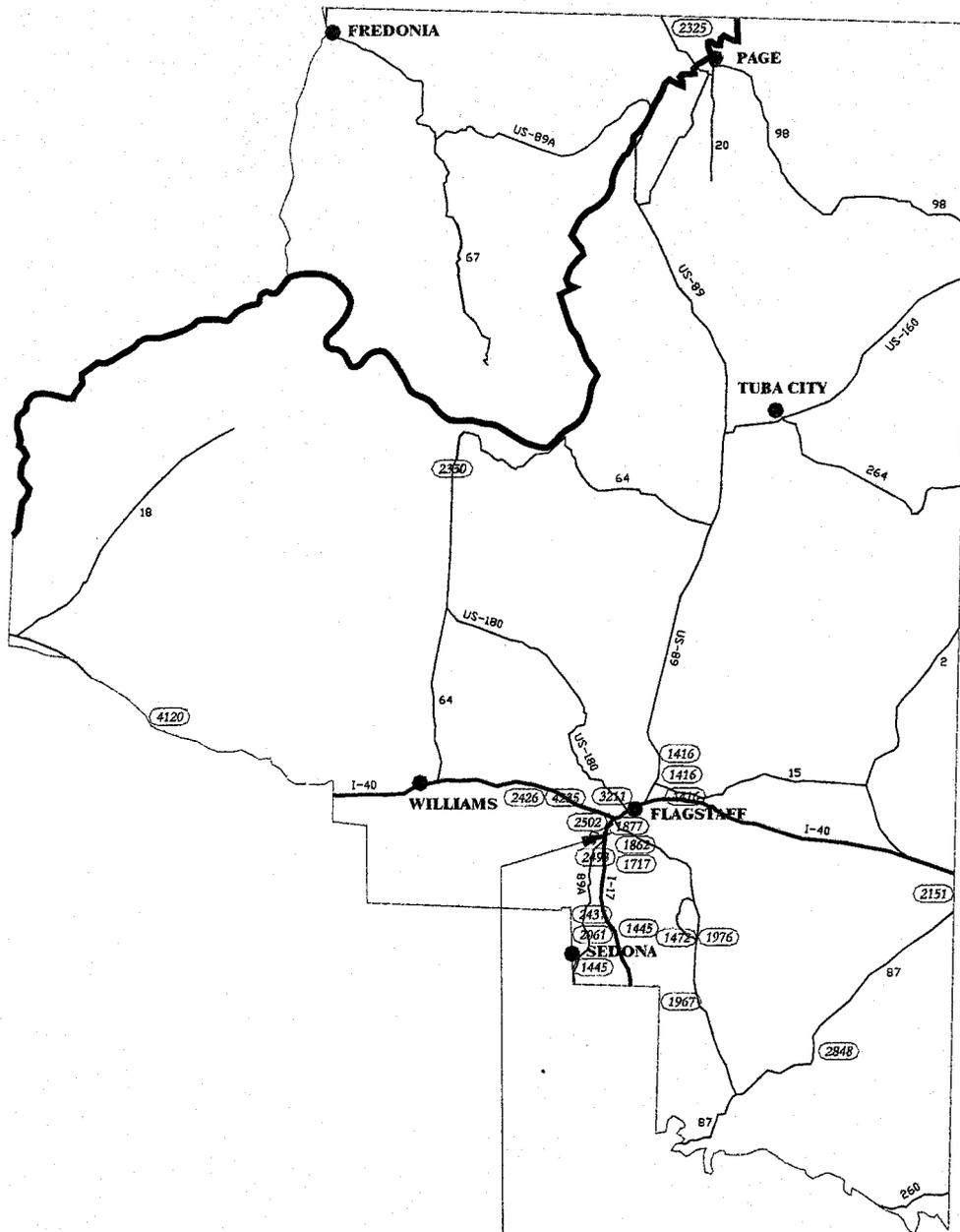
The Company did not propose to change its existing service line and meter installation charges which are listed in Table C below. These charges are refundable advances and the Company's existing charges are less than Staff's recommended range for these charges. Since the Company may at times install meters on existing service lines, it would be appropriate for some customers to only be charged for the meter installation. Therefore, separate service line and meter charges have been developed by Staff. Staff recommends that the Company separate service line charges and meter charges. The separate service line charges and meter charges recommended by Staff and listed in Table C equal the Company's total proposed charge.

Table C. Service Line and Meter Installation Charges

Meter Size	Current Charges	Proposed Charges	Staff recommended service line charges	Staff recommended meter charges	Staff recommended Total Charges
5/8 x3/4-inch	\$330	\$330	260	70	\$330
3/4-inch	\$360	\$360	280	80	\$360
1-inch	\$411	\$411	280	131	\$411
1-1/2-inch	\$604	\$604	315	289	\$604
2-inch	\$831	\$831	340	491	\$831
3-inch	NT	NT	NT	NT	NT
4-inch	NT	NT	NT	NT	NT
6-inch	NT	NT	NT	NT	NT

NT – No Tariff

COCONINO COUNTY



- | | | | |
|------|--|------|--|
| 1445 | ARIZONA WATER COMPANY | 1877 | MOUNTAIN DELL WATER, INC. |
| 2426 | BELLEMONT WATER COMPANY | 2061 | OAK CREEK UTILITY CORPORATION |
| 1416 | DONEY PARK WATER | 1717 | PONDEROSA UTILITY CORPORATION |
| 2502 | FLAGSTAFF RANCH WATER COMPANY, INC. | 2848 | STARLIGHT WATER COMPANY, INC. |
| 2493 | FOREST HIGHLANDS WATER COMPANY | 1967 | STONEMAN LAKE WATER COMPANY |
| 4120 | GRAND CANYON CAVERNS AND INN, LLC | 1976 | TALL PINE ESTATES WATER & IMPROVEMENT ASSOC. |
| 2325 | GREENEHAVEN WATER COMPANY, INC. | 2350 | TUSAYAN WATER DEVELOPMENT ASSOCIATION, INC. |
| 1862 | HECKETHORN WATER COMPANY | 3211 | WEST VILLAGE WATER COMPANY |
| 2437 | JUNIPINE COMMUNITY PROPERTY OWNERS ASSOCIATION | 2151 | WINSLOW WEST WATER COMPANY, INC. |
| 1472 | MORMON LAKE WATER COMPANY | 4235 | UTILITY SOURCE, LLC |

Figure 1: Coconino County Map

COUNTY: *Coconino*

RANGE 7 East

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	 20	21	22	23	24
30	29	28	27	26	25
31		32	33	34	35
					36

TOWNSHIP 21 North

-  W-1877 (1)
Mountain Dell Water, Inc.
-  W-3211 (1)
West Village Water Company

Figure 2: Certificated Area

MOUNTAIN DELL WATER, INC.
DOCKET NO. W-01877A-07-0540

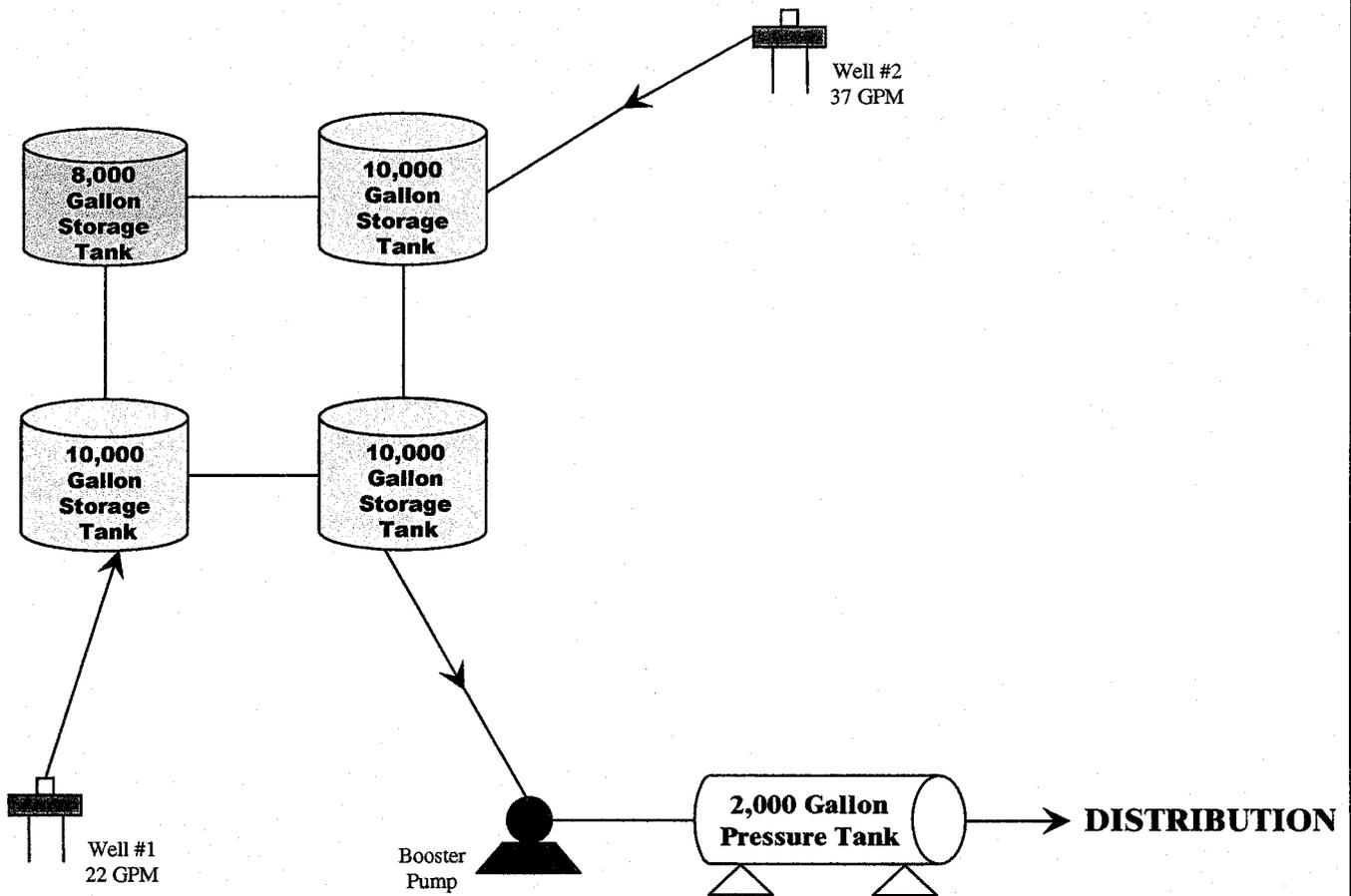


Figure 3. System Schematic