ORIGINAL

0000092977

April 20, 2009
Beaver Dam Water Company
P.O. Box 550

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

RE: Docket No. W-03067A-08-0380
W-03067A-08-0266

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EXHIBIT “L”

In the test year of 2007, Beaver Dam Water Company's annual revenue was $229,086. The staff found it necessary to increase this amount by $61,700, or 26.93 percent to **$290,786** (without bulk water sells). This amount would provide an operating income of $20,642 for and 8.00 percent rate of return on a rate base of $258,030 and produce a debt service coverage ratio ("DSC") of 2.70 on the current outstanding loan of $161,325 and a new $104,283 20-year amortizing loan at 3.675 percent. Staff's recommended rates would decrease the typical 5/8 x ¾-inch meter residential bill by $0.50, or 1.96 percent, from $25.50 to $25.00 per month, for customers subject to the rates approved in Decision No. 55788. For customer subject to the rates approved in Decision No. 64662, Staff's recommended rates would increase the typical 5/8 x ¾-inch meter residential bill by $3.30, or 15.21 percent, from $21.70 to $25.00.

Upon further review Beaver Dam Water Company has found that in order to function properly, the amount found necessary by the Staff of $290,786 (Schedule BCA-16) is not adequate. The Company also feels that the amount of $290,786 would not be achievable by the Staff's proposed rates (See Exhibit H). As shown in page 3 (**Company's Revised Rates**) of this Exhibit, Beaver Dam Water Company needs approximately $419,354 in Annual Revenue to meet all operating cost.

In the Company's responds to Staff's recommendations, the proposed rates have been revised. The Company feels that the Staff's recommendations in their excel spreadsheet labeled Beaver Dam 08-0380 Bill Count had many discrepancy including meter sizes and usage by customer. The Company has responded by importing the actual monthly gallons used by the customers used during the test year of 2007 (See Exhibit H) by demonstrating the deficiencies by Staff's proposed rates and demonstrating the companies proposed rates. The Company has listed below the **Company's Revised Rates.**

Usage Rate	$2.65	$3.25	$3.70
Meter (Size)	1st Tier	2nd Tier	3rd Tier
5/8" (residential)	5,000	12,000	Infinite
1"		30,000	Infinite
1.5"		60,000	Infinite
2"		96,000	Infinite
3"		192,000	Infinite
4"		300,000	Infinite
6"		600,000	Infinite

TABLE 1: Commodity Charges

FLAT (minimum) RATES

5/8" = $30.00
1" = $45.00
1.5" = $400
3" = $600
4" = $1000
6" = $1600

Under the Company's current tariff, Beaver Dam Water Company is allowed to charge the 177 homeowners individually $15 flat rate. In the **Company's Revised Rates** the Company has included a $30 per month flat rate for each of the 177 homeowners in the association. The Staff recommendation is that they be charged for one 6-inch meter in place of the current system and a flat rate for that size of meter $750. The Staff's recommendations would decrease the Company's monthly revenue approximately $1,905 monthly and $4,560 monthly off the **Company's Revised Rates**. The Company proposes that the homeowners association continue to be billed as stated in the original tariff.

The result from the above rates and changes when applied to the 2007 test year shows that Beaver Dam Water Company would attain $419,354 annually and give them the required amount to properly function. See page 4-8 of his Exhibit for spread sheet results.

Note:
Beaver Dam Water Company propose the Rate Base should include the $104,283 cost of the Company's portion of the new capital improvement (Tank). When this $104,283 is added back to our rate base the new Required Operating Income would increase by $8,343 for a total of $28,985. Which is equal to 8.0% of the adjusted Rate Base.

Beaver Dam Water Company, Inc.
Docket No. W-03067A-08-0380 et al
Test Year December 31, 2007

Schedule BCA-16

OPERATING INCOME STATEMENT - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED	[F] COMPANY RESPONSE TO STAFF REPORT	[G] COMPANY REVISED
	REVENUES:							
1	Metered Water Sales	$ 211,595	$	$ 211,595	$ 79,191	$ 290,786	$ 128,568	$ 419,354
2	Water Sales - Unmetered		17,491	17,491		17,491	(17,491)	0
3	Other Operating Revenue			0		0		0
4	**Total Operating Revenues**	$ 211,595	$ 17,491	$ 229,086	$ 79,191	$ 308,277	$ 111,077	$ 419,354
5								
6	OPERATING EXPENSES:							
7	Salaries and Wages	$ 119,100	$ (17,960)	$ 101,140	$	$ 101,140	$ 17,960	$ 119,100
8	Purchased Water			0		0		0
9	Purchased Power	31,285		31,285		31,285		31,285
10	Chemicals	3,085		3,085		3,085		3,085
11	Repairs and Maintenance	55,053	(41,679)	13,374		13,374		13,374
12	Office Supplies and Expense	3,915		3,915		3,915		3,915
13	Outside Services	71,992	(45,687)	26,305		26,305		26,305
14	Water Testing	6,835	(3,056)	3,779		3,779		3,779
15	Rent - Equipment	5,400		5,400		5,400	70,043	75,443
	Rent - Building	15,936		15,936		15,936		15,936
16	Transportation Expenses	9,780	(2,997)	6,783		6,783		6,783
17	Insurance - General Liability	12,872	(9,320)	3,552		3,552		3,552
18	Insurance - Health and Life			0		0	8,500	8,500
19	Reg. Comm. Exp.-Rate Case	1,500	3,500	5,000		5,000		5,000
20	Miscellaneous	15,473	(8,192)	7,281		7,281	786	8,067
21	Depreciation Expense	29,088	7,956	37,044		37,044		37,044
22	Taxes Other than Income	10,948	3,486	14,434		14,434	1,338 **(c)**	15,772
23	Property Taxes	8,426	(2,468)	5,958	701	6,659		6,659
24	Income Taxes		(14,878)	(14,878)	17,541	2,663	4,107 **(b)**	6,770
25	Intentionally Left Blank(Rounding)							
27	**Total Operating Expenses**	400,688	(131,295)	269,393	18,242	287,635	102,734	390,369
28	**Operating Income (Loss)**	$ (189,093)	$ 148,786	$ (40,307)	$ 60,949	$ 20,642	$ 8,343 **(a)**	$ 28,985

References:
Column [A]: Company's Rate Application
Column [B]: Column [C] - Column [A]
Column [C]: Column [A] + Column [B]
Column [D]: Schedules BCA-1 and BCA-2
Column [E]: Column [C] + Column [D]
Column [F]: Company's Response to Staff Report
Column [G]: Column [E] + Column [F]

Notes to Column F:

(a) We propose the Rate Base should include the $104,283 cost of the Company's portion of the new capital improvement (Tank). When this $104,283 is added back to our rate base the new Required Operating Income would increase by $8,343 for a total of $28,985. Which is equal to 8.0% of the adjusted Rate Base.

(b) Income taxes recalculated and increased by $4,107.

(c) Payroll taxes recalculated and increased by $1,338.

BEAVER DAM WATER COMPANY, INC
RATE TABLE SUMMARY FOR 2007
COMPANY'S REVISED RATE

RATE TABLE	FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
Jan-07						
RESIDENTIAL 5/8" METER	$30.00	412	1,756,604	$5,153.72	$12,360.00	$17,513.72
JERRY KENNEDY 1" METER	$45.00	1	66,140	$231.22	$45.00	$276.22
RV PARK LITTLEFIELD 1" METER	$45.00	1	24,180	$78.59	$45.00	$123.59
LITTLEFIELD SCHOOL DIST. 1" METER	$45.00	1	31,580	$103.35	$45.00	$148.35
LDS CHURCH 1 1/2" METER	$400.00	1	60,700	$197.59	$400.00	$597.59
CANYON VIEW 3" METER	$600.00	1	91,760	$298.22	$600.00	$898.22
PALMS GOLF COURSE 4" METER	$1,000.00	1	869,300	$3,081.41	$1,000.00	$4,081.41
DESERT SKIES RV RESORT 6" METER	$1,600.00	1	529,000	$1,719.25	$1,600.00	$3,319.25
MONTHLY TOTALS =		419	3,429,264	$10,863.34	$16,095.00	$26,958.34

RATE TABLE	FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
Feb-07						
RESIDENTIAL 5/8" METER	$30.00	412	2,245,254	$6,603.59	$12,360.00	$18,963.59
JERRY KENNEDY 1" METER	$45.00	1	66,500	$232.55	$45.00	$277.55
RV PARK LITTLEFIELD 1" METER	$45.00	1	53,140	$183.12	$45.00	$228.12
LITTLEFIELD SCHOOL DIST. 1" METER	$45.00	1	11,530	$37.47	$45.00	$82.47
LDS CHURCH 1 1/2" METER	$400.00	1	77,900	$261.23	$400.00	$661.23
CANYON VIEW 3" METER	$600.00	1	98,155	$319.00	$600.00	$919.00
PALMS GOLF COURSE 4" METER	$1,000.00	1	631,530	$2,201.66	$1,000.00	$3,201.66
DESERT SKIES RV RESORT 6" METER	$1,600.00	1	733,000	$2,442.10	$1,600.00	$4,042.10
MONTHLY TOTALS =		419	3,917,009	$12,280.72	$16,095.00	$28,375.72

RATE TABLE	FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
Mar-07						
RESIDENTIAL 5/8" METER	$30.00	412	2,275,563	$6,614.31	$12,360.00	$18,974.31
JERRY KENNEDY 1" METER	$45.00	1	74,230	$261.15	$45.00	$306.15
RV PARK LITTLEFIELD 1" METER	$45.00	1	45,860	$156.18	$45.00	$201.18
LITTLEFIELD SCHOOL DIST. 1" METER	$45.00	1	10,620	$34.52	$45.00	$79.52
LDS CHURCH 1 1/2" METER	$400.00	1	61,500	$200.55	$400.00	$600.55
CANYON VIEW 3" METER	$600.00	1	99,711	$324.06	$600.00	$924.06
PALMS GOLF COURSE 4" METER	$1,000.00	1	532,330	$1,834.62	$1,000.00	$2,834.62
DESERT SKIES RV RESORT 6" METER	$1,600.00	1	751,000	$2,508.70	$1,600.00	$4,108.70
MONTHLY TOTALS =		419	3,850,814	$11,934.09	$16,095.00	$28,029.09

RATE TABLE	FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
Apr-07						
RESIDENTIAL 5/8" METER	$30.00	411	3,343,619	$10,092.03	$12,330.00	$22,422.03
JERRY KENNEDY 1" METER	$45.00	1	90,100	$319.87	$45.00	$364.87
RV PARK LITTLEFIELD 1" METER	$45.00	1	46,280	$157.74	$45.00	$202.74
LITTLEFIELD SCHOOL DIST. 1" METER	$45.00	1	56,160	$194.29	$45.00	$239.29
LDS CHURCH 1 1/2" METER	$400.00	1	147,200	$517.64	$400.00	$917.64
CANYON VIEW 3" METER	$600.00	1	105,280	$342.16	$600.00	$942.16
PALMS GOLF COURSE 4" METER	$1,000.00	1	740,320	$2,604.18	$1,000.00	$3,604.18
DESERT SKIES RV RESORT 6" METER	$1,600.00	1	800,000	$2,690.00	$1,600.00	$4,290.00
MONTHLY TOTALS =		418	5,328,959	$16,917.91	$16,065.00	$32,982.91

RATE TABLE	FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
May-07						
RESIDENTIAL 5/8" METER	$30.00	414	3,757,898	$11,164.44	$12,420.00	$23,584.44
JERRY KENNEDY 1" METER	$45.00	1	216,373	$787.08	$45.00	$832.08
RV PARK LITTLEFIELD 1" METER	$45.00	1	47,640	$162.77	$45.00	$207.77
LITTLEFIELD SCHOOL DIST. 1" METER	$45.00	1	72,270	$253.90	$45.00	$298.90
LDS CHURCH 1 1/2" METER	$400.00	1	61,420	$200.25	$400.00	$600.25
CANYON VIEW 3" METER	$600.00	1	119,351	$387.89	$600.00	$987.89
PALMS GOLF COURSE 4" METER	$1,000.00	1	405,300	$1,364.61	$1,000.00	$2,364.61
DESERT SKIES RV RESORT 6" METER	$1,600.00	1	662,000	$2,179.40	$1,600.00	$3,779.40
MONTHLY TOTALS =		421	5,342,252	$16,500.34	$16,155.00	$32,655.34

RATE TABLE	FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
Jun-07						
RESIDENTIAL 5/8" METER	$30.00	419	4,170,229	$12,777.33	$12,570.00	$25,347.33
JERRY KENNEDY 1" METER	$45.00	1	204,357	$742.62	$45.00	$787.62
RV PARK LITTLEFIELD 1" METER	$45.00	1	57,240	$198.29	$45.00	$243.29
LITTLEFIELD SCHOOL DIST. 1" METER	$45.00	1	64,600	$225.52	$45.00	$270.52
LDS CHURCH 1 1/2" METER	$400.00	1	1,270,500	$4,673.85	$400.00	$5,073.85
CANYON VIEW 3" METER	$600.00	1	120,130	$390.42	$600.00	$990.42
PALMS GOLF COURSE 4" METER	$1,000.00	1	370,140	$1,234.52	$1,000.00	$2,234.52
DESERT SKIES RV RESORT 6" METER	$1,600.00	1	559,000	$1,816.75	$1,600.00	$3,416.75
MONTHLY TOTALS =		426	6,816,196	$22,059.30	$16,305.00	$38,364.30

RATE TABLE	FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
Jul-07						
RESIDENTIAL 5/8" METER	$30.00	424	6,289,638	$20,441.08	$12,720.00	$33,161.08
JERRY KENNEDY 1" METER	$45.00	1	311,691	$1,139.76	$45.00	$1,184.76
RV PARK LITTLEFIELD 1" METER	$45.00	1	52,010	$178.94	$45.00	$223.94
LITTLEFIELD SCHOOL DIST. 1" METER	$45.00	1	73,230	$257.45	$45.00	$302.45
LDS CHURCH 1 1/2" METER	$400.00	1	297,200	$1,072.64	$400.00	$1,472.64
CANYON VIEW 3" METER	$600.00	1	121,731	$395.63	$600.00	$995.63
PALMS GOLF COURSE 4" METER	$1,000.00	1	406,060	$1,367.42	$1,000.00	$2,367.42
DESERT SKIES RV RESORT 6" METER	$1,600.00	1	489,000	$1,589.25	$1,600.00	$3,189.25
MONTHLY TOTALS =		431	8,040,560	$26,442.16	$16,455.00	$42,897.16

RATE TABLE	FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
Aug-07						
RESIDENTIAL 5/8" METER	$30.00	428	6,026,613	$19,415.45	$12,840.00	$32,255.45
JERRY KENNEDY 1" METER	$45.00	1	340,009	$1,244.53	$45.00	$1,289.53
RV PARK LITTLEFIELD 1" METER	$45.00	1	54,620	$188.59	$45.00	$233.59
LITTLEFIELD SCHOOL DIST. 1" METER	$45.00	1	46,009	$156.73	$45.00	$201.73
LDS CHURCH 1 1/2" METER	$400.00	1	450,100	$1,638.37	$400.00	$2,038.37
CANYON VIEW 3" METER	$600.00	1	123,001	$399.75	$600.00	$999.75
PALMS GOLF COURSE 4" METER	$1,000.00	1	479,990	$1,640.96	$1,000.00	$2,640.96
DESERT SKIES RV RESORT 6" METER	$1,600.00	1	709,000	$2,353.30	$1,600.00	$3,953.30
MONTHLY TOTALS =		435	8,229,342	$27,037.70	$16,575.00	$43,612.70

RATE TABLE	FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
Sep-07						
RESIDENTIAL 5/8" METER	$30.00	427	5,727,718	$18,404.37	$12,810.00	$31,214.37
JERRY KENNEDY 1" METER	$45.00	1	311,091	$1,137.54	$45.00	$1,182.54
RV PARK LITTLEFIELD 1" METER	$45.00	1	42,490	$143.71	$45.00	$188.71
LITTLEFIELD SCHOOL DIST. 1" METER	$45.00	1	112,771	$403.75	$45.00	$448.75
LDS CHURCH 1 1/2" METER	$400.00	1	341,800	$1,237.66	$400.00	$1,637.66
CANYON VIEW 3" METER	$600.00	1	121,600	$395.20	$600.00	$995.20
PALMS GOLF COURSE 4" METER	$1,000.00	1	392,340	$1,316.66	$1,000.00	$2,316.66
DESERT SKIES RV RESORT 6" METER	$1,600.00	1	609,000	$1,983.30	$1,600.00	$3,583.30
MONTHLY TOTALS =		434	7,658,810	$25,022.19	$16,545.00	$41,567.19

RATE TABLE	FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
Oct-07						
RESIDENTIAL 5/8" METER	$30.00	429	5,774,207	$18,536.09	$12,870.00	$31,406.09
JERRY KENNEDY 1" METER	$45.00	1	251,390	$916.64	$45.00	$961.64
RV PARK LITTLEFIELD 1" METER	$45.00	1	48,440	$165.73	$45.00	$210.73
LITTLEFIELD SCHOOL DIST. 1" METER	$45.00	1	53,697	$185.18	$45.00	$230.18
LDS CHURCH 1 1/2" METER	$400.00	1	284,400	$1,025.28	$400.00	$1,425.28
CANYON VIEW 3" METER	$600.00	1	100,978	$328.18	$600.00	$928.18
PALMS GOLF COURSE 4" METER	$1,000.00	1	410,600	$1,384.22	$1,000.00	$2,384.22
DESERT SKIES RV RESORT 6" METER	$1,600.00	1	686,000	$2,268.20	$1,600.00	$3,868.20
MONTHLY TOTALS =		436	7,609,712	$24,809.52	$16,605.00	$41,414.52

RATE TABLE	FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
Nov-07						
RESIDENTIAL 5/8" METER	$30.00	429	3,276,767	$9,263.67	$12,870.00	$22,133.67
JERRY KENNEDY 1" METER	$45.00	1	116,670	$418.18	$45.00	$463.18
RV PARK LITTLEFIELD 1" METER	$45.00	1	52,750	$181.68	$45.00	$226.68
LITTLEFIELD SCHOOL DIST. 1" METER	$45.00	1	54,301	$187.41	$45.00	$232.41
LDS CHURCH 1 1/2" METER	$400.00	1	213,400	$762.58	$400.00	$1,162.58
CANYON VIEW 3" METER	$600.00	1	98,713	$320.82	$600.00	$920.82
PALMS GOLF COURSE 4" METER	$1,000.00	1	250,140	$812.96	$1,000.00	$1,812.96
DESERT SKIES RV RESORT 6" METER	$1,600.00	1	625,000	$2,042.50	$1,600.00	$3,642.50
MONTHLY TOTALS =		436	4,687,741	$13,989.79	$16,605.00	$30,594.79

RATE TABLE	FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
Dec-07						
RESIDENTIAL 5/8" METER	$30.00	429	3,207,292	$9,658.20	$12,870.00	$22,528.20
JERRY KENNEDY 1" METER	$45.00	1	73,230	$257.45	$45.00	$302.45
RV PARK LITTLEFIELD 1" METER	$45.00	1	34,160	$112.89	$45.00	$157.89
LITTLEFIELD SCHOOL DIST. 1" METER	$45.00	1	54,860	$189.48	$45.00	$234.48
LDS CHURCH 1 1/2" METER	$400.00	1	107,700	$371.49	$400.00	$771.49
CANYON VIEW 3" METER	$600.00	1	98,102	$318.83	$600.00	$918.83
PALMS GOLF COURSE 4" METER	$1,000.00	1	447,820	$1,521.93	$1,000.00	$2,521.93
DESERT SKIES RV RESORT 6" METER	$1,600.00	1	872,000	$2,956.40	$1,600.00	$4,556.40
MONTHLY TOTALS =		436	4,895,164	$15,386.69	$16,605.00	$31,991.69

ANNUAL SUMMARY	CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
JANUARY	419	3,429,264	$10,863.34	$16,095.00	$26,958.34
FEBRUARY	419	3,917,009	$12,280.72	$16,095.00	$28,375.72
MARCH	419	3,850,814	$11,934.09	$16,095.00	$28,029.09
APRIL	418	5,328,959	$16,917.91	$16,065.00	$32,982.91
MAY	421	5,342,252	$16,500.34	$16,155.00	$32,655.34
JUNE	426	6,816,196	$22,059.30	$16,305.00	$38,364.30
JULY	431	8,040,560	$26,442.16	$16,455.00	$42,897.16
AUGUST	435	8,229,342	$27,037.70	$16,575.00	$43,612.70
SEPTEMBER	434	7,658,810	$25,022.19	$16,545.00	$41,567.19
OCTOBER	436	7,609,712	$24,809.52	$16,605.00	$41,414.52
NOVEMBER	436	4,687,741	$13,989.79	$16,605.00	$30,594.79
DECEMBER	436	4,895,164	$15,386.69	$16,605.00	$31,991.69
TOTALS FOR YEAR 2007	5130	69,805,823	$223,243.75	$196,200.00	$419,443.75

TOTAL OPERATING REVENUES = $419,443.75

TOTAL ACC SAID NEEDED = $290,786.00

DIFFERENCE = $128,657.75