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Parker Lakeview Estates HOA  
Parker Springs Water Company  
Docket No. W-01853A-11-0065

Application for rate increase

Deficiency List

February 28, 2011

W-01853A-11-0050

1. The bill count does not reconcile to the income statement as it should. *Sending a file to Gary McMurray*
2. The amount of the proposed annual operating revenues (\$24,725) on page six of the application is incorrect (e.g. \$16,433 + \$7,380 = \$23,813). *We decided to go to a lesser amount. Forgot to change the total.*
3. Account number 252 "Advances in aid of Construction" on page 22 (\$1,190) does not agree with the detail provided on page 24 (\$945). *I should not have included the refunds made in Nov 2010*
4. The title page and most of the supporting schedules indicate a test year ending 10-30-10. Page six of the application indicates that the test year ends 10-31-10. *Oops - go with 10-30 (meters read)*
5. Total additions for 2010 on page 13 should equal \$9,031.53, not \$9,051.53 as shown. *oops*
6. Account number 343 "Tools, shop, and garage equipment" is \$281.53 on page 15 but only \$81.53 on page 20. *oops*
7. The depreciation expense amounts shown in column C on page 20 are not accurate. Column C should typically equal Column A times Column B. *Depreciation is a little confusing considering our history. We took some accelerated depreciation and were using 5% straight across. Some of the pieces included in the total have been fully depreciated. I depreciate each piece of equipment separately and then add them together. The ACC accepted my depreciation amount for the last increase and as much as possible (the IRS looks askance on changing the rate of depreciation on a piece of equipment) have adopted the NARUC depreciation schedule. Also, some pieces were put in service late in the year and were not charged the full year depreciation.*
8. On page 3, the prior year comparison is indicated to be November 2007 to October 2008. It would appear that it should be November 2008 to October 2009. *oops*

Copies for docket control at the request of Gary McMurray

3-2-2011

Arizona Corporation Commission

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ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

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## NARRATIVE DESCRIPTION OF APPLICATION FOR RATE ADJUSTMENT

### Instructions:

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

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

The Company received a WIFA grant in 2009 to study environmental and engineering status. ADEQ also performed a study. Several recommendations were made. Company wishes to apply for a WIFA loan (subject to ACC approval) to finance the recommended changes. A Financing Application is being filed and we respectfully request that these applications be considered together.

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

Test year is based on November 2009 – October 2010.. The prior year comparison is based on **November 2008 – October 2009**. Normally our year is Jan-Dec.

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

The Company has contracted with an outside service to prepare monthly invoicing and financial reports. This is an added cost of \$200 per month.

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

We don't anticipate any large increase or decrease in our customer base. Based on past history, we may see one added customer approximately every 2 years.

- Anticipated construction  
Please explain:

If the Corporation Commission grants authority, we will continue with our application to WIFA for a low cost loan to perform construction as advised by the engineering study performed during 2009-10. Three copies each of the engineering study and ADEQ evaluation are included. The rate request is based on a proposed loan of \$271,000.

**STATEMENTS IN SUPPORT OF RATE REQUEST**

Complete the following statements in support of your rate request. Parker Lakeview Estates HOA, Inc.

dba Parker Springs Water Company (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 10-30-2010 (mm/dd/yy). The Company had total operating revenues of \$ 16,433, served 41 metered and Ø un-metered customers, and sold 349,475 gallons of water during the Test Year.

The Company is requesting a(n) increase/decrease in revenues in the amount of \$ 7,380.

Total annual operating revenues, if the Company is granted the rate adjustment, will be \$ 23,813.

The Company is current on all property taxes.  YES  NO

The Company is current on all sales taxes.  YES  NO

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

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

The Company notified its customers of its application for a rate adjustment on 01-27-11 (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.

<b>COMPANY NAME:</b> Parker Lakeview Est HOA, Inc	<b>Test Year Ended:</b> 10-30-2010
<b>Name of System:</b> Parker Springs	<b>ADEQ Public Water System Number:</b> 02045

**Plant Additions and Retirements by Year**

Acct. No.	Description	Year <u>2009</u>		Year <u>2010</u>	
		Additions	Retirements	Additions	Retirements
301	Organization				
302	Franchises				
303	Land & Land Rights				
304	Structures & Improvements				
307 <sup>307.1</sup>	Wells & Springs <i>Eng. Study</i>	6250.00		8750.00	
311	Pumping Equipment				
320	Water Treatment Equipment				
320.1	Water Treatment Plants				
320.2	Solution Chemical Feeders	1084.45			
330	Distribution Reservoirs & Standpipes				
330.1	Storage Tanks				
330.2	Pressure Tanks				
331	Transmission & Distrib. Mains				
333	Services				
334	Meters & Meter Installations	1515.38			
335	Hydrants				
336	Backflow Prevention Devices				
339	Other Plant & Misc. Equipment				
340	Office Furniture & Equipment				
340.1	Computers & Software				
341	Transportation Equipment				
343	Tools, Shop & Garage Equip.			281.53	
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment				
348	Other Tangible Plant				
	<b>TOTAL WATER PLANT</b>	<b>8849.83</b>	<b>∅</b>	<b>9031.53</b>	<b>∅</b>

*Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C, respectively. Make copies of this page as needed.*

COMPANY NAME: Parker Lakeview Est HOA, Inc

Test Year Ended: 10-30-2010

Name of System: Parker Springs

ADEQ Public Water System Number:

02045

**CALCULATION OF DEPRECIATION EXPENSE**

Acct. No..	Description	Original Cost	Depreciation Percentage	Depreciation Expense
		Column A**	Column B	Column C*
301	Organization			
302	Franchises			
303	Land & Land Rights		N/A	
304	Structures & Improvements	243 -	3.33	8
307.1	Wells & Springs Eng Study	15,000 -	20	2517
		4,500 -	3.33	150
310	Power Gen. Equip	15,471.68	5.00	774
311	Pumping Equipment	1,472.78	12.5	185
320	Water Treatment Equipment			
320.1	Water Treatment Plants			
320.2	Solution Chemical Feeders	1,084.45	20	182
330	Distribution Reservoirs & Standpipes	1,958 -		
330.1	Storage Tanks	3,387.49	5	169
330.2	Pressure Tanks			
331	Transmission & Distrib. Mains	41,035.56	2	489
333	Services	9,047.50	3.33	281
334	Meters & Meter Installations	2,352.19	8.33	139
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant & Misc. Equipment			
340	Office Furniture & Equipment			
340.1	Computers & Software			
341	Transportation Equipment			
343	Tools, Shop & Garage Equip.	281.53	5	12
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTAL WATER PLANT</b>	<b>95,834.18</b>		<b>4728</b>

\* Column C = Column A x Column B

\*\*Must be the same as the amount reported on page 15, column A.

Items are depreciated individually and then totaled by account. Since some items were originally depreciated at 5% or at accelerated depreciation, the total by account will not appear to be correct. In 2009/10 the ACC accepted the depreciation as it was presented.

