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5 **BEFORE THE ARIZONA CORPORATION COMMISSION**

6 IN THE MATTER OF THE APPLICATION) DOCKET NO. W-01651A-99-0351
7 OF VAIL WATER COMPANY FOR AN)
INCREASE IN ITS WATER RATES FOR)
8 CUSTOMERS WITHIN PIMA COUNTY,)
ARIZONA)

9 IN THE MATTER OF THE APPLICATION)
10 OF VAIL WATER COMPANY FOR) DOCKET NO. W-01651A-99-0406
AUTHORITY TO ISSUE PROMISSORY)
11 NOTE(S) AND OTHER EVIDENCES OF)
INDEBTEDNESS PAYABLE AT PERIODS)
12 OF MORE THAN TWELVE MONTHS)
AFTER THE DATE OF ISSUANCE.)

NOTICE OF FILING

14 Vail Water Company by and through its undersigned counsel, hereby provides notice of
15 filing of the Rejoinder Testimony and Exhibits of Ronald L. Kozoman on behalf of the
16 Company.

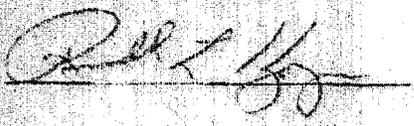
17 Respectfully submitted this 31st day of January, 2000.

18 SALLQUIST & DRUMMOND, P.C.

19 
Richard L. Sallquist
20 2525 E. Arizona Biltmore Circle
Suite 117
21 Phoenix, Arizona 85016
Attorneys for Vail Water Company

- 1 Original and ten copies of the
2 foregoing filed this 31st day
of January, 2000, with:
- 3 Docket Control
4 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007
- 5
6 Copy of the foregoing overnight mail
this 31st day of January, 2000, to:
- 7 Jane D. Rodda
Hearing Officer
8 ARIZONA CORPORATION COMMISSION
400 W. Congress Street
9 Tucson, AZ 85701
- 10 Copy of the foregoing hand-delivered
this 31st day of January, 2000, to:
- 11
12 Chief Hearing Officer
ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
13 Phoenix, Arizona 85007
- 14 Robert Merli, Legal Division
ARIZONA CORPORATION COMMISSION
15 1200 West Washington Street
Phoenix, Arizona 85012
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17 Director Utilities Division
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REJOINDER TESTIMONY OF

RONALD L. KOZOMAN

FILED ON BEHALF OF

VAIL WATER COMPANY'S

PERMANENT RATE APPLICATION

DOCKET NO. W-01651B-99-351 AND

DOCKET NO. W-01651B-99-406

1 Q. Please state your name and address?

2

3 A. Ronald L. Kozoman, 1605 W. Mulberry Drive, Phoenix, AZ 85015.

4

5

6 Q. Are you the same Ronald L. Kozoman who filed direct and rebuttal testimony in
7 the instant case?

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10

11 A. Yes.

12

13 Q. What is the purpose of this testimony?

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16 A. I will address the recommendations set forth by the Staff of the Arizona
17 Corporation Commission ("ACC" or the "Commission") in their surrebuttal
18 testimony, for the rate application filed by Vail Water Company, hereafter referred
19 to as the Company.

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22 Q. What is the difference in the revenues the Company is requesting, and the revenues
23 recommended by ACC Staff?

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27 A. The Company is requesting revenues of \$501,800 in Phase 1, and an additional
28 \$46,885 in Phase 2, with the CAP Hook-up Fee accounted for as revenue. The
ACC Staff is recommending revenues of \$443,920 plus the \$60,000 CAP Hook-up
Fee, for a total of \$503,920. Thus, the Company is requesting less revenues in

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Phase 1 than ACC Staff is recommending. In Phase 2, the Company's revenue request exceeds ACC Staff's revenue recommendation by \$44,765.

Q. Does the Company's revenue request include depreciation on the new plant?

A. Yes, depreciation is included in the revenue requirement, as well as property taxes at proposed revenues and plant.

Q. Has the Company done everything it can to minimize the revenue request?

A. Yes. In the last rate case, the Company requested that the depreciation rates be reduced, thus resulting in lower rates charged customers. If the 5.00% depreciation rate was still in place, the depreciation on the Company's proposed plant would be approximately \$61,500 higher, than what is currently being requested.

Q. What are the points that you will address?

A. The rate base issues are: (1) the amount of plant to be included as in service, and (2) the inclusion of the Prepaid Water or previous charges paid to the Central Arizona Project ("CAP") for the water allocation.

The major issues relating to the revenues and expenses are: (1) the level of revenue needed by the Company; (2) the expense level for depreciation; (3) the

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expense for the Central Arizona Project ("CAP") purchased water; (4) property taxes, and (5) interest expense.

The cost of capital issues are: (1) the amount of debt which should be allowed, and (2) the interest rate on that debt on the Water Infrastructure Financing Authority ("WIFA") loans. Staff has included the most recent WIFA interest rate in its surrebutal filing, and the Company concurs with that interest rate.

The rate design issues are of course driven by the revenue requirement. Additionally, the amount that should be charged as the monthly minimum, and the amount that should be charged for the commodity rate are at issue.

The Company still proposes a two step phase. Customers will only be charged for plant, which is actually in service, rather than Staff's proposal, which charges customers for the debt service on the WIFA debt, but allows none of the benefits of the new plant.

Q. Are the Company's phase in plans the same as set forth in your rebuttal testimony?

A. Yes. The Company proposes two step rate increases. Each step rate increase is contingent on the completion of plant which will be financed with the WIFA loan(s). The Company requests that the Commission set rates which recover both the depreciation and interest expense associated with the in service plant.

Q. Why does the Company continue to request the phase-in plan, when ACC Staff are opposed to it?

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A. The Company's phase-in plan is for all purposes, the same as the Staff's recommendation that the Company file another rate case. The difference in the Company's and Staff's position is that customers will not be burdened with the cost of another rate case. The ACC Staff proposes approval of the WIFA loan and has designed rates which are supposed to recover the interest and principal payments on the loan. However, ACC Staff has not provided for the depreciation on the plant financed with the WIFA loans as the plant is not in service at this date. ACC Staff proposes a net income of \$1,164, which is approximately \$4,500 less than Staff recommended in Staff's direct filing. Staff has allowed additional plant (transportation equipment), additional expense, and higher interest on the proposed WIFA loan at the expense of the Company. The plant installed with the WIFA loan totals \$819,000. Depreciation rate on this plant, results in additional operating expense of approximately \$21,100. The Company would immediately, operate at a loss, and further erode the Company's common equity.

Staff's solution to operate at a profit would be another rate case, at a cost of approximately \$40,000 to \$45,000. I cannot understand how filing another rate case, which the customers have to pay for, is in the public interest. The Company is already amortizing two rate cases, at a total cost of approximately \$100,000, in the instant case. Amortizing three rate cases in the next rate case is hardly in the public interest.

Rather than spend another \$40,000 for a rate case, the Company's proposed phase 1 and 2 rate increases would negate the need for another rate case, the cost of which is borne by customers.

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The Company's proposed phase in of plant would consist of two rate increases. The first rate increase would be effective on July 15, 2000, or as soon as the Company completes the plant additions. This increase would recover the Company's expenses and the interest and depreciation related to the Chlorinating of Well No. 6 and the 12 inch main interconnect. The costs of these two projects are approximately \$33,000 and \$320,000 respectively. The rate increase to existing customers would be approximately 22%.

The second rate increase would be effective in February or March, 2001, or as soon as the Company completes the construction of the new plant. This increase would recover the Company's expenses and the interest and depreciation related to the Booster Station No. 2 upgrade and the Andrads Booster Station Rebuild, and the 6,700 linear feet of 12 inch main. The costs of these three projects are approximately \$171,500, \$90,500, and \$90,500 respectively. I have listed the plant to be financed with the WIFA loan by component, the cost, and the estimated date of in-service, and labeled the Schedule B-2, Page 2. The rate increase to existing customers would be approximately 11% over the phase 1 rate increase. The total of the phase 1 and 2 rate increases would be approximately 33%. The above percentages assume that the Staff's proposed \$1,000 CAP Hook-up Fee is accounted for as revenue, not a deferred credit.

Q. Excuse me, Mr. Kozoman, but won't the Phase 2 increase that the Company is requesting occur at approximately the same time that the Commission Staff is recommending that the Company file another rate case?

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A. Yes. The next rate case would be timed to match the in service date of the Phase 2 plant. Thus, the Company is basically filing another rate case, as Staff recommends, without having to charge customers for another rate case.

Q. Please continue with your testimony.

A. The Company proposes that an ACC Staff Engineer be required to certify that the plant is in service prior to the Commission authorizing either of the increases. The ACC Audit Staff could chose to (1) audit the plant during construction of the plant, or (2) have the Company provide invoices as the plant is being constructed, to verify the actual costs.

The Company also proposes that the CAP purchased water expense be included as an expense in the income statement, rather than an offset against the Staff's proposed Deferred Credit accounting. The CAP Hook-up fee should be accounted for as Revenue.

The major problem with ACC Staff's proposed rates in the instant case is that the Company will (1) operate at a loss as soon as the either phase 1 or phase 2 is in service, due to additional depreciation, (2) operate at a loss when the property taxes increase due to a full year of the revenues from last rate case (based on a test year of 1996), and/or reflect the higher rates and plant from the instant rate case, and (3) have a negative cash flow when the meter refunds and line extension payments are made.

1 When meter deposits and line extension refunds are factored into Staff's
2 cash flow, the Company will have negative cash flow. The Staff's finance witness
3 has included a debt service schedule in her surrebuttal filing, but obviously did not
4 examine cash flow at Staff's proposed rates. Debt service was set by ACC Staff at
5 1.20:1. The Staff witness contends that meter deposit refunds and repayments on
6 line extension agreements should not be included in the Debt Service Schedule. If
7 that is Staff's position, then Staff needs to set the debt service coverage well in
8 excess of 1.20:1 to provide for positive cash flow. Staff needs to set the debt
9 service coverage to a least 1.47:1 to derive positive cash flow of \$1. Schedule D-
10 4-S, Page 1 (in the Company's Phase 2 Schedules) shows that at Staff's proposed
11 rates, the Company will have negative cash flow of approximately \$21,900. The
12 required debt service of 1.47 is also shown on this schedule. However, Staff's
13 proposed operating income includes property taxes based on 1998 revenues and
14 plant, and does not include depreciation on the plant financed with the WIFA
15 loan(s).
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19 Q. Won't growth in the number of customers improve cash flow, and operating
20 income?
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23 A. Yes, growth in the number of customers will help reduce the expected loss and
24 negative cash flow. However, the ACC Staff has already factored in customer
25 growth to pay the debt service on the WIFA loan, and pay for the CAP Purchased
26 Water. Growth has been the Staff's answer to the Company's need for increased
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rates in the 1983 and 1996 rate cases. The Company has experienced customer growth, and is still losing money. When rates are set which do not encompass the actual and projected expenses, there is no chance that customer growth will offset the increased expenses.

Q. ACC Staff has expressed concern that high customer growth would result in the Company over earning, and thus the Company should file another rate case. Would you please comment on that.

A. Customer growth would have to be extremely high to cause the Company to over earn. ACC Staff has set property taxes at approximately 60% of what property taxes will be with Staff's proposed rates. Staff's proposed revenues will result in property taxes of approximately \$30,000. Staff allowed property taxes of \$20,609. The depreciation on the new plant will result in additional depreciation of \$21,100. Additional property taxes and depreciation will result in additional expenses of approximately \$31,000.

Rather than file another rate case at a cost of \$40,000 to \$45,000, the Company proposes that it will file a rate base, income statement, and cost of capital schedule at the end of each year for the next two years, to alleviate Staff concerns that the Company will over earn.

The Commission required Rio Verde Utilities, Inc. to file a rate base, income statement, and statement of capitalization, two years after the new rates were effective, due to Staff concern that the Company might over earn due to the

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addition of additional customers. Thus, I am not proposing something that the Commission has not already used.

Q. Why do you propose that the CAP Hookup fee should be accounted for as revenue, rather than as a Deferred Credit, as ACC Staff is proposing?

A. The CAP Purchased Water is an expense. The charges to customers to offset the CAP Purchased Water expense should be accounted for what it really is, revenue. Neither the revenue from the hook-up fee, nor the expense of the purchased water is a deferred credit.

ACC Staff proposed for Boulders Carefree Sewer Corporation that a loan to purchase wastewater treatment capacity with the City of Scottsdale should be treated as a lease, rather than a loan. Staff's recommendation and the Commission acceptance of Staff's recommendation have made financial reporting, and income tax preparation a nightmare.

If the Company does not collect the anticipated \$60,000 in annual CAP Hookup Fees, and the Prepaid Water rights, requested in the amount of \$70,188, from new customers, the Company is financing an ever growing prepaid expense, with no way to recover the capital costs associated with the expenditure. However, if the Company were to collect CAP Hookup Tariff funds greater than \$60,000, (and the \$70,188 of prepaid water rights), the excess hookup fees could be treated as a contribution and could be used by Staff as an offset against the Company rate

1 base investments. The Staff's reason for treating the CAP Expense and the Hook-
2 up Fee as either a contribution in aid of construction, or as a deferred credit is not
3 based on sound accounting principles, nor has Staff provided a logical reason, other
4 than possible over earning, to support Staff's proposal. I have already addressed
5 the Company's proposal to file annual reports on rate base, income, and cost of
6 capital, which the Staff can use to cite the Company in for a rate review, and
7 resulting rate case, if the Company actually over earns. At this date the CAP
8 charges total approximately \$130,000.
9

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11 Q. Has the Commission ever allowed hookup fees or other types of fees similar to the
12 ACC Staff's proposed CAP Hookup Tariff to be accounted for as revenues?
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15 A. Yes. The Commission allowed both Chaparral City Water Company and Rio
16 Verde Utilities to charge new customers fees as a part of the revenue requirement
17 as hook-up fees for plant which was already in service (or for plant which would be
18 constructed in the future) in their last rate cases. These fees or charges were
19 accounted for a revenue, to offset the rates charged existing customers. The
20 Commission also authorized Pima Utilities, Inc. (rate case decided in December
21 1999) to charge a hookup fee for new customers. This hookup fee will be
22 accounted for a revenue. The result was that rates charged existing customers were
23 lower with the hookup fee, as the hookup fee was used to offset the need for
24 revenues from the existing customers. I am proposing the same thing, lower
25 monthly rates via accounting for the CAP Hook-up Fee as revenue.
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The Commission also allowed Citizens Utilities Villages at Desert Hills, in their application of a Certificate of Convenience and Necessity, a hookup fee to new customers which would be accounted for a revenue. The hookup fee will also be used to offset expenses, as well as providing funds to install plant.

In the instant case, funds from ACC Staff's proposed Hook-up Fee, and the net CAP purchased water expense have been included on the income statement on the Company's Rejoinder Schedule C-1.

Q. What ACC Staff adjustments to the Company's rate base is the Company still not accepting?

A. The Staff adjustment not accepted by the Company is removal of the Prepaid Water Rights.

Q. Would you please address this issue?

A. Staff contends that the Prepaid Water Rights should not be included in the Company's rate base because there is was benefit for existing customers. The same argument could be made for the well included in rate base in the instant case. Existing customers received no benefit from the well when it was not considered in service. However, customers are now receiving a benefit from the well. If Staff accepts that there has to be a recognition of the CAP Purchased Water Expense,

1 logic would dictate that a return on the prior costs should be recovered from
2 existing and future customers.

3 ACC Staff has properly dropped the argument that there would be a
4 "double" recovery by including the Prepaid Water Rights in the Company's rate
5 base, and inclusion of the amortization of the Prepaid Water Right on the income
6 statement.
7

8 At this date, the Company has expended over \$130,000 to maintain the
9 rights to its CAP allocation, but is requesting only \$70,188 of the cost as an
10 inclusion in the Company's rate base. Staff is not contending that the CAP
11 expenditure was imprudent. Additionally, customers have never paid rates which
12 included CAP charges. Thus there is no basis for exclusion from the Company's
13 rate base, other than Staff's goal of keeping rates low, or even under the actual cost
14 of service. Staff has presented no viable evidence why the Prepaid Water Rights
15 should not be included in rate base.
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19 Q. Has the Commission addressed the recovery of the unamortized CAP costs and the
20 ongoing CAP costs for other companies who will be recharging their CAP water?
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22 A. Yes. In the proposed Commission Decision for Sun City Water Company and Sun
23 City West Utilities, (Docket No. W-01656A-98-0577), the Commission allowed a
24 return on the deferred CAP costs at approximately one-half the return allowed on
25 rate base, but permitted amortization over a five year period. Additionally, the
26 CAP costs are collected through rates charged customers, and accounted for a
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1 revenue. (Page 20 of the proposed order). The proposed decision set forth the
2 following:

3 The deferred CAP costs for both Sun City and Sun City West shall be
4 updated

5 through January 31, 2000;

6 The deferred CAP costs shall be collected utilizing Citizens proposed rate
7 design over a 60 month period;

8 The deferred CAP costs shall include a going-forward carrying cost of
9 4.365
10 percent;

11 The deferred CAP costs shall not include any late payment penalties;

12 The on-going CAP costs shall be estimated based on cost of February 1,
13 2000;

14 and

15 The on-going CAP costs shall be collected utilizing Citizens proposed rate
16 design.

17 Q. Would the Company accept a return of one half the Commission authorized rate of
18 return on the Prepaid Water Rights?

19 A. The Company would accept a return of one half of the authorized return if it could
20 amortize the Prepaid Water Rights over five years. The Company's proposed
21 twenty year amortization is \$3,694. Accelerating the amortization to five years
22 would increase the expense to \$14,776. The Company's computed return on rate
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1 base (which includes the plant financed with the WIFA loan) is 6.72% in Phase 1,
2 and 6.36% in Phase 2. Multiplying the unamortized Prepaid Water Rights of
3 \$70,188 by one half the requested rate of return in Phase 1 of 3.36% would result
4 in a reduction in return dollars of \$2,358. In Phase 2, one-half of the rate of return
5 would be 3.18%. Multiplying one-half the return times \$70,188 would result in
6 \$2,218. In my opinion, the amortization of the Prepaid Water Rights, and a full
7 rate of return on the unamortized balance is a better option for the customers. The
8 accelerated amortization cost of \$14,776 substantially exceeds the reduction in rate
9 of return dollars.
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14 Q. Would you please address Staff's exclusion of the depreciation on the plant
15 financed with the WIFA Loan and the exclusion of property taxes at proposed rates
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17 A. As I previously testified, if the increased depreciation expense is not included in
18 rates charged customers, the Company will immediately experience a net loss
19 rather than the Staff's proposed net income of \$1,164. I testified to this same
20 problem in the Company's last rate case. The depreciation on plant not included in
21 the Company's last rate case, caused the Company to immediately experience a
22 loss. The Company's proposal that an ACC Staff engineer would have to certify
23 that the plant was in service prior to the Company collecting higher rates, is
24 adequate insurance that the customers will only pay rates based on the plant in
25 service.
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1 ACC Staff, in their surrebuttal testimony now proposes to use the property
2 tax bill which was received in 1999, rather than the property tax bill received in
3 1998. The tax bill received in 1996 was \$12,679, which was based on 1995 plant
4 and revenues. The property tax bill received in 1998 was based on the 1997 plant
5 and revenues, and totaled \$14,624. The 1999 property tax bill (based on 1998 data)
6 is \$20,609. Surely, Staff does not believe that the property taxes in the future will
7 be the same as or lower than the property tax bill received in 1999.
8

9 There is simply no logic to Staff's position to use a property tax bill based
10 on plant and revenues from a prior year. Staff's argument that the 1999 property
11 taxes are "Known and Measurable" is being stretched beyond the limits of
12 creditability in the instant case. If the Company were a C Corporation, I would
13 hope that Staff would not try to use the argument that the test year income taxes
14 should be used for income taxes at proposed rates, as the income tax is known and
15 measurable.
16

17 Property tax is based on full cash value. Full cash value is determined by
18 the Arizona Department of Revenue ("ADOR"), Centrally Valued Properties
19 Division. ADOR's computation of full cash value is dependent on revenues and
20 plant. In the instant case, the plant has and will increase over what was reported at
21 December 31, 1998. The revenues in 1999 will be higher than the 1998 revenues
22 due to having 12 months of revenues at the higher rates granted in the prior
23 decision. Revenues will increase further for the rates proposed by both parties in
24 the instant case.
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The computation of full cash value has one, and only one variable. That variable is the percentage of revenue and plant which is used by ADOR. Either revenue and/or plant can be multiplied by 0% to 100% in determining ADOR's correlated value. Income taxes, while not an issue in the instant case are based on several variables for revenues (water sold, other water revenues, NSF Check charges, establishment fees, etc.) and numerous variables for expenses (power, wages and salaries, payroll tax, rents, depreciation expense, water testing, etc.). If income taxes can be computed based on proposed revenues and expenses with any degree of certainty, then property taxes can also be computed based on proposed revenues and plant.

I have computed the full cash value based on 50% of plant and 50% of revenues to derive the correlated value. I have also prepared what I term the margin of error, which computes the possible error from using 0 to 100% of revenues and 0% to 100% of plant, compared to using 50% of revenues and 50% of plant. The margin of error is deducted from the computed property taxes using 50% of revenues and 50% of plant. Thus, there is no possibility that the Company can over collect property tax. In fact, the Company will under collect the property taxes, as ADOR, to my knowledge has seldom, if ever used either 100% or revenues or 100% of plant to derive full cash value.

This same method for computing property taxes was accepted by the Commission in the Far West Water re-hearing on property taxes.

1 There is little or no possibility that the property tax will be will be less than
2 or even equal to the \$20,609 recommended by Staff, which was based on 1998
3 plant and revenues.

4 I propose that the property taxes be set based on the proposed revenues and
5 proposed plant used by the Commission in the instant case. The property tax
6 computations are shown on Rebuttal Schedule C-2, pages 6 (phase 1) and 4 (phase
7 2). The increase in property taxes, if not allowed to be included in rates charged
8 customers, will also cause the Company to experience a net loss.

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11 Q. Have the Court of Appeals upheld the use of property taxes based on proposed
12 revenues and plant?

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15 A. Yes. The Court of Appeals remanded the Commission's rate order for Turner
16 Ranches and Sanitation Company to the Commission for inclusion of property
17 taxes at proposed rates. From pages 9 and 10 of the Decision, the Court stated
18 "Turner proposed an adjusted property tax expense to meet revenue increases
19 anticipated in the application, and the testimony of its expert is the only evidence in
20 the record concerning the method for adjusting the property tax expenses. While
21 there was no opposition from the Commission staff to Turner's calculation
22 adjusting the property tax expense, the staff maintained it did not recommend an
23 increase in revenue. In its Opinion and Order, the Commission allowed increased
24 revenues, but it did not adjust the property tax expenses' in fact it not even refer to
25 these questions. We agree with Turner that this failure by the Commission was
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1 arbitrary. While the Commission argues to accept its staff's testimony over
2 Turner's evidence, the staff offered no contradiction of Turner's expert. The staff
3 merely proposed a tax expense based on the most recent property tax bill without
4 regard to increased revenues. That expense, however, is certain to be understated
5 given the revenue increase authorized by the Opinion and Order. The Commission
6 acted arbitrarily in disregarding the tax expenses attendant to the revenue increase."
7 (emphasis added).
8

9 At some point ACC Staff has to accept the fact that property taxes are based
10 on revenues and plant, and thus need to be adjusted if either plant or revenues
11 increase. Apparently the Commission acceptance of property taxes based on
12 proposed plant and proposed revenues (Far West Water), nor a Court of Appeals
13 Decision is considered to be meaningful to ACC Staff. However, when the ACC
14 Staff wins an issue, it becomes Commission Policy. If the ACC Staff can't figure
15 how to compute full cash value for property taxes at proposed revenues and
16 proposed plant, I will be more than willing to provide Staff with a computer
17 diskette containing the program, and hold a session on how to compute full cash
18 value, and explain the workings of the computer program.
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22 Q. Would you please address the Company proposed debt financing of funds spent for
23 engineering and for transportation equipment?

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25 A. ACC Staff proposes that none of the Company's proposed loans from share owners
26 be approved as debt. In a response to a Company data request, Staff replied that
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JACOBS + JACOBS

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debt should not be used to finance operating losses. I accepted Staff's position on funding operating losses with debt. Apparently, Staff was either not completely truthful in response to the Company's data request, or has since added additional criteria to what can be financed with debt. Staff's latest reason for no share owner debt is now that the WIFA debt would make up 87% of the Company's capitalization. (I do not know how Staff computed the 87% debt component.) However, this same Staff witness approved a settlement with Voyager Water Company in the past, which included debt financing of approximately 90%.

Stock owners loans were needed to meet cash shortfalls for both operating expenses and plant additions. The engineering charges of \$38,093 included in the Outside Services, which Staff capitalized to plant, and the transportation equipment in the amount of \$20,247 were funded by stock owners, and were not operating losses. Thus, these stock owner loans should be accorded debt status. The total stock owners loan which I propose should be treated as debt is \$58,340. The \$58,340 will be amortized over twenty (20) years at a 10.25% interest rate. The repayment of the \$58,340 loan is included in the debt service schedules, which are labeled as Schedule D-4-S. The balance of the proposed stock owner loans will be treated as equity.

I will reiterate what I testified in the Company's direct and rebuttal filing. Vail Water Company has subsidized customers over the years by over \$1,100,000, via operating and net losses in providing service to customers. The Commission Staff now requests that Company provide \$293,000 further subsidization to customers. In the last rate case, \$50,000 of proposed debt was converted to equity.

1 The unadjusted net loss in 1998 was \$141,410. The \$50,000 equity addition was
2 made worthless by the continuing losses. The \$50,000 was just another subsidy to
3 customers.
4

5
6
7 Q. But, Mr. Kozoman, when the negative retained earnings is included, the
8 Company's equity component is quite low. How can you justify additional loans?
9

10 A. Schedule D-1 shows the capitalization under various scenarios, with and without
11 the negative retained earnings, and with and without the proposed share owner
12 loan. This schedule clearly shows that with and without the negative retained
13 earnings, the Company common equity contribution has been very high.
14

15 The Company has filed three rate cases since 1983. Each of these cases
16 failed to establish rates needed to reflect actual and projected costs to provide
17 service to customers. In each prior case, and for that matter, the instant case,
18 growth was to take care of the shortfall in rates. Stock owners would like some
19 cash return on their investment, as well as a chance to get some of their investment
20 back. Based on Staff's proposed rates in the instant case, the Company will have to
21 wait for approximately 948 years to reduce the deficit in retained earnings, based
22 on the Staff's proposed net income of \$1,164. Of course, the answer from Staff
23 will be growth will greatly increase the operating and net income, and in a year or
24 two, the Company will be over earning.
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Q. How did you set the rate of return to derive the Company's proposed rates?

A. The rate of return was set based on debt service and positive cash flow. The loans include \$352,522 of the WIFA debt and the stock owners' loans of \$58,340 are included in the debt service computations for the phase 1 and 2 increases. The meter deposit refunds and repayments of advances in aid of construction are not included in the debt service computations, but are shown to the side of debt service to derive cash flow for the Company's proposed Phase 1 and 2 rate increases.

In the Company's proposed Phase 2 rate increase, the WIFA loan is increased to \$819,000.

Q. What are the present rates?

A. The present rates are:

<u>Meter Size</u>	<u>Monthly Minimum</u>	<u>Gallons Included in Monthly Minimum</u>
5/8 x 3/4	\$14.40	0
3/4	14.40	0
1	19.00	0
1 1/2	25.00	0
2	46.00	0
3	67.50	0

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4	100.00	0
6	280.00	0
Bulk Water	0.00	0.

Commodity charge per 1,000 gallons over the gallons included in the month minimum is \$3.75. Bulk water per 1,000 gallons is \$3.75.

Q. What are the proposed phase 1 rates?

A. The proposed phase 1 rates are:

<u>Meter Size</u>	<u>Monthly Minimum</u>	<u>Gallons Included in Monthly Minimum</u>
5/8 x 3/4	\$20.00	0
3/4	30.00	0
1	50.00	0
1 1/2	100.00	0
2	160.00	0
3	320.00	0
4	500.00	0
6	1,000.00	0
Bulk Water	0.00	0.

Commodity charge per 1,000 gallons over the gallons included in the month minimum is \$4.35. Bulk water per 1,000 gallons is \$4.13.

1 Q. How do the proposed phase 1 rates impact customers on a 5/8 x 3/4 inch meter who
2 use an average of 7,940 gallons per month?

3
4
5 A. The customer's bill will increase from \$44.18 to \$52.79, or \$8.62 per month. This
6 equates to an increase of approximately 21.40%.

7
8 Q. What are the proposed phase 2 rates?

9
10 A. The proposed phase 2 rates are:

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Meter Size	Monthly Minimum	Gallons Included in Monthly Minimum
5/8 x 3/4	\$21.80	0
3/4	32.70	0
1	54.50	0
1 1/2	109.00	0
2	174.40	0
3	348.80	0
4	545.00	0
6	1,090.00	0
Bulk Water	0.00	0.

UNION WATER 1-17

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Commodity charge per 1,000 gallons over the gallons included in the month minimum is \$4.65. Bulk water per 1,000 gallons is \$4.65.

Q. How do the proposed phase 2 rates impact customers on a 5/8 x 3/4 inch meter who use an average of 7,940 gallons per month?

A. The customer's bill will increase from \$52.79 to \$58.72, or \$5.93 per month in the Company's proposed phase 2 rate increase. This equates to an increase of approximately 11.20%. The combined phase 1 and phase 2 increases result in bills to customers increasing from \$44.18 to \$56.92, or an increase of \$12.75. This is an increase of approximately 28.90%.

Q. How does the total of the phase 1 and phase 2 increase compare to what the Company sought in its direct filing?

A. In the Company's direct filing the average bill for a customer on a 5/8 x 3/4 inch meter would have increased from \$44.18 to \$84.87. The dollar increase would have been \$40.69, while the percentage increase was approximately 92%. Thus, the customer's bill under the Company's proposed phase 1 and phase 2 increases goes up by \$12.75 compared to \$40.69 based on the Company's direct filing.

ACC • WCC • H • W

1 Q. Do ACC Staff's proposed rates include the depreciation on the plant financed with
2 the WIFA loan?

3
4 A. No.

5
6
7 Q. Do rates under the Company's proposed phase 1 and 2 increases include
8 depreciation, property taxes at proposed rates, and sufficient operating income to
9 qualify for the WIFA loan?

10
11 A. Yes, they do.

12
13
14 Q. How is it possible to include the plant and the related depreciation and have an
15 increase of only \$2.58 (\$56.92 - \$54.34) over the Staff's recommended rates?

16
17 A. The main reason the proposed rates are lower than the direct filing rates is due to
18 treating the ACC Staff's proposed CAP Hookup fee to new customers as revenues.
19 I also assumed that the 6 inch meter customer would be billed every month,
20 whether or not water was actually used.

21
22 Additionally, I have included the ACC Staff expected customer additions to
23 pay the WIFA surcharge in the amount of approximately \$18,000 in the total
24 revenues on Rejoinder Schedule C-1.

25
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1 Finally, the rate are lower than the rate proposed in the Company's direct
2 filing because the expenses as adjusted by Staff are substantially lower due to
3 capitalizing much of the engineering costs incurred during the test year.
4

5
6 Q What will the customer receive for the increased rates?
7

8 A The customer will get treated water with a disinfectant, an interconnect which
9 assure a continuous water supply, and improved water pressure at reasonable rates.
10 Additionally, customers will only pay for plant being used to serve them, and
11 customers will have a financially sound water provider.
12

13
14 Q Does that conclude your rejoinder testimony?
15

16 A Yes, it does.
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Vail Water Company / Phase 2 Increase
Index of Rejoinder Filing Schedules / Phase 2

Sch. No.	
A-1	Summary of the increase in revenue requirement and the spread of the revenue increase by customer classification
B-1	Schedule showing the elements of original cost rate bases.
B-2	Schedule listing pro forma adjustments to rate base components
B-3	Schedule showing the computation of working capital allowance.
C-1	Test year income statement, with pro forma adjustments.
C-2	Schedules showing the detail of all pro forma adjustments.
D-4-S	Debt Service
H-1	Comparison of revenues by customer classification or other classification of revenue for the test year, at proposed Phase 1 rates and proposed Phase 2 rates
H-2	Comparison of revenues by class of service and by rate schedule for the test year at proposed Phase 1 rates and proposed Phase 2 rates
H-3	Comparison of proposed Phase 1 and proposed Phase 1 rates schedules.
H-4	Typical bill analysis.

Present and Proposed Phase 2 Rates

H-1	Comparison of revenues by customer classification or other classification of revenue for the test year, at present and proposed rates.
H-2	Comparison of revenues by class of service and by rate schedule for the test year at present and proposed rates
H-3	Comparison of present and proposed rates schedules.
H-4	Typical bill analysis.

Vail Water Company / Phase 2 Increase
 Test Year Ended December 31, 1998
 Computation of Increase in Gross Revenue Requirements
 As Adjusted

EXHIBIT
 REJOINDER SCHEDULE A-1
 PAGE 1
 WITNESS: Kozoman

Line No.	Original Cost				
1	Adjusted Rate Base	\$1,026,474			
2					
3	Adjusted Operating Income	\$18,442			
4					
5	Current Rate of Return	1.80%			
6					
7	Required Operating Income	\$65,327			
8	(From Schedule C-1, Line 33) to Produce				
9	a Required Debt Service Coverage of	1.48			
10	(Debt Service From Schedule				
11	D-4-S, Page 2, Line 25)				
12	Return on Rate Base	6.36%			
13					
14	Operating Income Deficiency	\$46,885			
15					
16	Gross Revenue Conversion Factor	1			
17					
18	Increase in Gross Revenue				
19	Requirement	\$46,885			
20					
21					
22		Phase 1	Phase 2		
23	<u>Customer and/or Meter Classification</u>	<u>Proposed</u>	<u>Proposed</u>	<u>Dollar</u>	<u>Percent</u>
24	From Customers on:	<u>Rates</u>	<u>Rates</u>	<u>Change</u>	<u>Change</u>
25					<u>% of Total</u>
26	5/8 x 3/4 Inch Meters	\$372,565	\$414,405	\$73,140	23.46%
27	1 Inch Meters	4,638	5,138	1,789	60.24%
28	2 Inch Meters	3,184	3,516	1,552	91.30%
29	6 Inch Meters	12,033	13,117	8,645	255.01%
30	Standpipe				0.00%
31	Revenue Annualization 5/8 x 3/4' Meters	27,991	31,119	5,551	19.83%
32	Miscellaneous Revenues	3,341	3,341	0	0.00%
33	<u>ACC Staff Estimated Customer Growth for:</u>				
34	WIFA Surcharge	18,049	18,049	0	N/A
35	CAP Purchased Water	60,000	60,000	0	N/A
36	Total Revenues	\$501,800	\$548,685	\$90,677	18.07%
37	Rates Charged Existing Customers	\$423,751	\$470,636	\$46,885	11.06%

0100-1000-1-31

Vail Water Company / Phase 2 Increase
Test Year Ended December 31, 1998
Summary of Original Cost
Rate Base Elements

EXHIBIT
REJOINDER SCHEDULE B-1
PAGE 1
WITNESS: Kozoman

Line No.		Original Cost Rate Base
1	Gross Utility Plant in Service	\$2,979,430
2		
3	Less: Accumulated Depreciation	500,987
4		
5	Net Utility Plant in Service	\$2,478,443
6		
7		
8	Less:	
9	Customer Advances for	
10	Construction	1,341,985
11	Meter Deposits	37,895
12	Contributions in Aid of	
13	Construction - Net of Amortization	183,005
14	Deferred Income Taxes	
15	Deferred Investment Tax	
16	Taxes	
17		
18	Add:	
19	Prepaid Water Rights	70,188
20		
21	Allowance for Working Capital	40,728
22		
23	Total Rate Base	<u>\$1,026,474</u>
24		
25		
26		
27		
28		
29		
30		

31 SUPPORTING SCHEDULES:
32 (a) B-2 (c) E-1
33 (b) B-3 (d) B-5

RECAP SCHEDULES:
(e) A-1

Vail Water Company / Phase 2 Increase
 Test Year Ended December 31, 1998
 Adjustments to Rate Base Elements

Exhibit
 Rejoinder Schedule B-2
 Page 1
 Witness: Kozoman

Line No.		Company's Proposed Phase 1 Rejoinder	Company's Rejoinder Label	Company's Adjustments Adjustment	Company's Adjusted Rejoinder
1	Gross Utility				
2	Plant in Service	2,512,952	(1)	466,479	2,979,430
3					
4	Less:				
5	Accumulated				
6	Depreciation	<u>500,987</u>			<u>500,987</u>
7					
8	Net Utility Plant	2,011,965			2,478,443
9	in Service				
10					
11	Customer Advances for				
12	Construction	(1,341,985)			(1,341,985)
13					
14	Meter Deposits	(37,895)			(37,895)
15					
16	Contributions in Aid of Construction	(359,685)			(359,685)
17	Less: Amortization	<u>176,681</u>			<u>176,681</u>
18	Net Contributions in Aid of Construction	(183,004)			(183,004)
19					
20					
21	Prepaid Water Rights	70,188			70,188
22					
23	(1) Add Phase 2 Plant				
24	Pumping Equipment (Booster Station Upgrades)				171,468
25	Mains and Distribution Lines (6,700 feet of 12 inch main)				204,484
26	Pumping Equipment (Andrads Booster Station Rebuild)				<u>90,527</u>
27	Please See Rejoinder Schedule B-2, Page 2.				<u><u>466,479</u></u>
28					

Vall Water Company / Phase 2 Increase
 Test Year Ended December 31, 1998
 WIFA Construction Loan Projects

Exhibit
 Rebuttal Schedule B-2
 Page 2
 Witness: Kozoman

Line No.	Estimated Cost	(a) Contingency Estimate	Final Cost	Estimated Completion Date	Construction Phase
1	\$ 31,000	\$ 2,016	\$ 33,016	6/15/00	Phase 1
2	300,000	19,506	319,506	7/15/00	Phase 1
3	161,000	10,468	171,468	1/15/01	Phase 2
4	192,000	12,484	204,484	1/15/01	Phase 2
5	85,000	5,527	90,527	3/15/01	Phase 2
6	<u>\$ 769,000</u>	<u>\$ 50,000</u>	<u>\$ 819,000</u>		

6.520%

7					
8	(a) Contingency Estimate				
9					
10	Phase 1 Additions		\$ 352,522		
11					
12	Phase 2 Additions		466,479		
13					
14	Total Additions		<u>\$ 819,000</u>		
15					
16					

Additions by Phase and by Plant Category:	Phase	
	One	Two
320 Water Treatment (Chlorination)	\$ 33,016	
330 Mains and Distribution Lines (12 inch interconnect)	319,506	\$171,468
311 Pumping Equipment (Booster Station Upgrades)		204,484
330 Mains and Distribution Lines (6,700 feet of 12 inch main)		90,527
311 Pumping Equipment (Andrad's Booster Station Rebuild)		<u>\$ 466,479</u>
		<u>\$ 352,522</u>

Vail Water Company / Phase 2 Increase
Test Year Ended December 31, 1998
Computation of Working Capital

EXHIBIT
REJOINDER SCHEDULE B-5
PAGE 1
WITNESS: Kozoman

Line
No.

1	Cash Working Capital (1/8 of Allowance	
2	Operation and Maintenance Expense)	\$31,073
3	Pumping Power (1/24 of Pumping Power and	
4	Purchased Water Expense)	5,138
5	Material and Supplies Inventories	
6	Prepayments (Liability Insurance)	<u>4,517</u>
7		
8	Total Working Capital Allowance	<u>\$40,728</u>
9		
10		

Vail Water Company / Phase 2 Increase

Test Year Ended December 31, 1998

Income Statement at Phase 1 and Phase 2 Revenues

Exhibit
Responder Schedule C-2

Page 1

Witness: Keenan

Line No.		Company's Proposed Phase 1 Revenues	Phase 2 Adjustments Label	Adjusted	Company's Proposed Rate Increase	Company's Proposed Revenues with Increase
1	Operating Revenues:					
2	Metered Water Sales	\$420,410		\$420,410	\$46,885	\$467,295
3	Miscellaneous Revenues	3,341		3,341		3,341
4	CAP Hookup Tariff	60,000		60,000		60,000
5	ACC Staff Customer Growth for			0		0
6	WIFA Surcharge	18,049		18,049		18,049
7	Total Revenues	<u>\$501,800</u>		<u>\$501,800</u>	<u>\$46,885</u>	<u>\$548,685</u>
8						
9	Operating Expenses:					
10	Salaries	\$78,001		\$78,001		\$78,001
11	Purchased CAP Water	84,888		84,888		84,888
12	CAP Recharge Expense	(3,930)		(3,930)		(3,930)
13	Purchased Pumping Power	42,352		42,352		42,352
14	Water Testing	3,662		3,662		3,662
15	Water Treatment	874		874		874
16	Repairs and Maintenance	7,226		7,226		7,226
17	Office Supplies	20,171		20,171		20,171
18	Outside Services	83,584		83,584		83,584
19	Rate Case Expense	20,000		20,000		20,000
20	Rents	6,000		6,000		6,000
21	Transportation Expense	3,600		3,600		3,600
22	General Insurance	13,551		13,551		13,551
23	Health & Life Insurance	5,944		5,944		5,944
24	Misc. Operating Expenses	5,969		5,969		5,969
25	Property Tax	32,669	(3)	38,541		38,541
26	Depreciation	55,935	(1)	69,231		69,231
27	Amortization of Prepaid Water Rights	3,694		3,694		3,694
28						
29	Total Operating Expenses	<u>\$464,191</u>		<u>\$483,358</u>	<u>\$0</u>	<u>\$483,358</u>
30						
31	Operating Income	\$37,609		\$18,442	\$46,885	\$65,327
32	Interest Expense	27,728	(2)	54,005		54,005
33	Other Income	711		711		711
34	Net Income	<u>\$10,593</u>		<u>(\$4,852)</u>		<u>\$12,033</u>
35						

Vail Water Company / Phase 2 Increase
 Test Year Ended December 31, 1998
 Adjustment to Revenues and/or Expense

EXHIBIT
 REJOINDER SCHEDULE C-2
 PAGE 1
 WITNESS: KOZOMAN

Line No.		Adjustment Number					Subtotal
		1	2	3	4	5	
1	Revenues						\$0
2							
3	Expenses	13,296		5,871			19,167
4							
5	Operating						
6	Income	(13,296)	0	(5,871)	0	0	(19,167)
7							
8	Interest						
9	Expense		26,277				26,277
10	Other						
11	Income						0
12							
13							
14	Net Income	(\$13,296)	(\$26,277)	(\$5,871)	\$0	\$0	(\$45,445)
15							
16		Depreciation	Interest	Property			
17		Expense	Expense	Taxes at			
18		Phase 2	Phase 2	Proposed			
19				Revenues			
20							
21							
22		Adjustment Number					
23		6	7	8	9	10	Subtotal
24	Revenues						\$0
25	Expenses						19,167
26							
27	Operating						
28	Income	0	0	0	0	0	(19,167)
29							
30	Interest						
31	Expense						26,277
32	Other						
33	Income						0
34							
35							
36	Net Income	\$0	\$0	\$0	\$0	\$0	(\$45,445)

Vail Water Company / Phase 2 Increase
 Test Year Ended December 31, 1998
 Adjustment to Revenues and/or Expense

EXHIBIT
 REJOINDER SCHEDULE C-2
 PAGE 2
 WITNESS: KOZOMAN

Line No.	Acct. No.	Plant Description	Company's Proposed Phase 1 Plant	Adjustments Label	Adjusted Plant	Depreciation Rate	Depreciation Expense
Depreciation Expense:							
1	303	Land and Land Rights	3,500		3,500	2.80%	\$1,742
2	304	Structures & Improvements	62,198		62,198	3.20%	4,974
3	307	Wells & Springs	155,446		155,446	3.60%	20,076
4	311	Electric Pumping Equipment	295,681	(a)	557,676	3.60%	1,189
5	320	Water Treatment Plant	33,016		33,016	2.00%	2,361
6	330	Distribution Reservoirs	118,072		118,072	2.00%	40,321
7	331	Trans. and Distribution Lines	1,811,563	(b)	2,016,047	3.30%	507
8	333	Services	15,376		15,376	3.60%	3,808
9	334	Water Meters	105,774		105,774	6.80%	184
10	339	Other Plant & Misl Equipment	2,701		2,701	6.80%	275
11	340	Office Furniture and Equipment	4,039		4,039	13.30%	7,202
12	341	Transportation Equipment	54,154		54,154	7.70%	64
13	343	Tools and Work Equipment	827		827	2.646%	(3,953)
14		1983 ACC Staff Adjustment	(149,395)		(149,395)		78,750
15			<u>2,512,952</u>		<u>466,479</u>		<u>2,979,431</u>
16		Depreciable Plant			3,125,326		
17		Depreciation Expense without 1983 ACC Staff Adjustment			\$82,703		
18		Composite Depreciation Rate			2.646%		
19		Less: Amortization of Contributions in Aid of Construction			(359,686)		(9,518)
20		Gross Contributions in Aid of Construction					69,231
21		Adjusted Depreciation Expense				2.646%	55,935
22		Company's Phase 1 Depreciation Expense					\$13,296
23		Adjustment to Depreciation Expense					\$13,296
24		Adjustment to Revenues and/or Expenses					\$13,296
25	(a)	Pumping Equipment (Booster Station Upgrades)			\$171,468		
26	(b)	Mains and Distribution Lines (6,700 feet of 12 inch main)			204,484		
27	(a)	Pumping Equipment (Andrats Booster Station.Rebuild)			90,527		

Vail Water Company / Phase 2 Increase
 Test Year Ended December 31, 1998
 Adjustment to Revenues and/or Expense

EXHIBIT
 REJOINDER SCHEDULE C-2
 PAGE 3
 WITNESS: KOZOMAN

Line
 No.

1	Interest On Shareowner Notes Payable:				
2					
3					
4				Notes	
5	Total Short-Term Notes Payables			<u>Payable</u>	
6	to be converted to Long-Term Debt			\$58,340	
7	Shareowner Loans to Finance Plant				
8	(AOC Staff Capitalized Outside Services & Vehicle)				
9	Repayment Term:				
10	Years			20	
11	Months			240	
12	Interest On Notes Payable:				
13	Annual			10.2500%	
14	Monthly			0.85417%	
15	Annuity Factor for Payments			101.869988	
16	Monthly Payments			572.69	
17					
18	Shareowner Notes Payable:				<u>Balance</u>
19	<u>Month</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	\$58,340
20	1	\$572.69	\$498.32	\$74.37	58,266
21	2	572.69	497.69	75.01	58,191
22	3	572.69	497.04	75.65	58,115
23	4	572.69	496.40	76.29	58,039
24	5	572.69	495.75	76.94	57,962
25	6	572.69	495.09	77.60	57,884
26	7	572.69	494.43	78.26	57,806
27	8	572.69	493.76	78.93	57,727
28	9	572.69	493.08	79.61	57,647
29	10	572.69	492.40	80.29	57,567
30	11	572.69	491.72	80.97	57,486
31	12	572.69	491.03	81.66	57,404
32	Totals	<u>6,872</u>	<u>5,937</u>	<u>936</u>	

Vail Water Company / Phase 2 Increase
 Test Year Ended December 31, 1998
 Adjustment to Revenues and/or Expense

EXHIBIT
 REJOINDER SCHEDULE C-2
 PAGE 3a
 WITNESS: KOZOMAN

Line No.					
1	Interest on WIFA Loan:				WIFA
2					Loan
3	WIFA Financing				\$819,000
4	Repayment Term				
5	Years				20
6	Months				240
7	Interest On Notes Payable:				
8	Annual, 75% of Existing Rate of		8.34%	6.2550%	
9	Monthly Interest Rate			0.52125%	
10	Annuity Factor for Payments			136.7578	
11	Monthly Payments			5,988.69	
12					
13	WIFA Notes Payable:				Balance
14	<u>Month</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	\$819,000
15	1	\$5,988.69	\$4,059.17	\$1,929.52	817,070
16	2	5,988.69	4,049.61	1,939.08	815,131
17	3	5,988.69	4,039.99	1,948.69	813,183
18	4	5,988.69	4,030.34	1,958.35	811,224
19	5	5,988.69	4,020.63	1,968.06	809,256
20	6	5,988.69	4,010.88	1,977.81	807,278
21	7	5,988.69	4,001.07	1,987.62	805,291
22	8	5,988.69	3,991.22	1,997.47	803,293
23	9	5,988.69	3,981.32	2,007.37	801,286
24	10	5,988.69	3,971.37	2,017.32	799,269
25	11	5,988.69	3,961.38	2,027.31	797,241
26	12	5,988.69	3,951.33	2,037.36	795,204
27	Totals	<u>\$71,864</u>	<u>\$48,068</u>	<u>\$23,796</u>	
28	Add WIFA Reserve Fund Payment				
29		<u>\$14,373</u>			
30	Total WIFA Payments				
31		<u>\$86,237</u>			
32					
33	Interest Expense on Shareowner Loan				5,937
34	Interest Expense on WIFA Loan				48,068
35	Total Company Proposed Interest Expense / Phase 2				<u>54,005</u>
36	Interest Expense on WIFA Loan / Phase 1				27,728
37	Adjustment to ACC Staff Interest Expense				<u>\$26,277</u>
38					
39	Adjustment to Revenues and/or Expenses				<u>\$26,277</u>
40					
41	Total Payments:				
42	WIFA Loan and Debt Reserve				\$86,237
43	Shareowner Loan				6,872
44	Total Annual Payments				<u>\$93,109</u>

Vail Water Company / Phase 2 Increase
 Test Year Ended December 31, 1998
 Adjustment to Revenues and/or Expense

EXHIBIT
 REJOINDER SCHEDULE C-2
 PAGE 4
 WITNESS: KOZOMAN

Line No.		Tax at 65% of Proposed Revenue & Plant	Tax at 100% of Proposed Revenue & Plant
1	Property Taxes at Proposed Rates:		
2			
3			
4			
5			
6			
7	Revenues - Annualized - Proposed Rates	476,939	548,685
8	Two Times Revenue	953,879	1,097,371
9			
10	Gross Plant	2,979,431	2,979,431
11	Less: Accumulated Depreciation	500,987	500,987
12	Net Plant or Book Value	2,478,444	2,478,444
13			
14	Revenue / Net Plant = Utilization Factor	19.24%	22.14%
15			
16	Department of Revenue Factor for Plant	35%	45%
17	Two Times Revenue without sales tax	953,879	1,097,371
18	Net Plant Times Utilization Factor, (L11 x L15) plus materials & supplies of:	867,455	1,115,300
19	Correlated Value, assuming 50% of plant and 50% of revenue ((L16 + L17) / 2	910,667	1,106,335
20	CWIP at 35%	0	0
21	Transportation Equipment Deduction	-16,552	-20,109
22	Full Cash Value (L18 + L19 + L20)	894,115	1,086,226
23	Times Assessment Ratio	25.00%	25.00%
24	Assessed Value (L21 x L22)	223,529	271,557
25	Property Tax Rate (From Schedule C-2, Page 4d, Line 7)	14.953%	14.953%
26	Subtotal of Computed Property Tax (L23 x L 24)	\$33,424	\$40,606
27	Number of Years Property Tax Expense will be in effect:	1	3
28	Subtotal Property Taxes over Next Four Years (L25 x L26)	\$33,424	\$121,818
29	Add Property Tax on Parcels	118	118
30	Average Property Taxes Per Year for the Next Four (4) Years	\$33,543	\$121,936
31	((L29 Col. 1 + L29 Col. 2) / 4)		\$38,870
32	Less: Maximum Margin of Error		(329)
33	Property Taxes at Proposed Rates in Company's Rebuttal Filing		\$38,541
34	Less: Adjusted Property Tax Expense in Company's Phase 1 Rejoinder Filing		32,669
35	Increase (Decrease) in Property Taxes		\$5,871
36			
37	Adjustment to Revenues and/or Expenses		\$5,871

Vail Water Company / Phase 2 Increase
 Computation of Maximum Error from the Use
 of 50% of Revenues and 50% of Net Plant
 Test Year Ended December 31, 1993
 Using Company's Proposed Revenues and Net Plant

EXHIBIT
 REJOINER SCHEDULE C-2
 PAGE 46
 WITNESS KOZOMAN

Line No.	Percentage of Revenue	Plant	1,115,300	Dollar amount of Revenue	Plant	Correl. Value	Remove Transport. Equipment	Full Cash Value	25.00% Assessed Value	Property Tax Expense	Property Tax with 50% of Plant & Revenue	Maximum Error in Property Tax	Maximum Error as A Percentage of Property Tax
1	33%	67%		362,132	747,251	1,109,383	(20,164)	1,089,219	272,305	40,836	40,724	(112)	-0.27%
2	32%	68%		351,159	758,404	1,109,562	(20,167)	1,089,395	272,349	40,843	40,724	(118)	-0.29%
3	31%	69%		340,155	769,557	1,109,742	(20,171)	1,089,571	272,393	40,849	40,724	(125)	-0.31%
4	30%	70%		329,211	780,710	1,109,921	(20,174)	1,089,747	272,437	40,856	40,724	(132)	-0.32%
5	29%	71%		318,237	791,863	1,110,100	(20,177)	1,089,923	272,481	40,863	40,724	(138)	-0.34%
6	28%	72%		307,264	803,016	1,110,279	(20,180)	1,090,099	272,525	40,869	40,724	(145)	-0.36%
7	27%	73%		296,290	814,169	1,110,459	(20,184)	1,090,275	272,569	40,876	40,724	(151)	-0.37%
8	26%	74%		285,316	825,322	1,110,638	(20,187)	1,090,451	272,613	40,882	40,724	(158)	-0.39%
9	25%	75%		274,343	836,475	1,110,817	(20,190)	1,090,627	272,657	40,889	40,724	(165)	-0.40%
10	24%	76%		263,369	847,628	1,110,997	(20,193)	1,090,803	272,701	40,895	40,724	(171)	-0.42%
11	23%	77%		252,395	858,781	1,111,176	(20,197)	1,090,979	272,745	40,902	40,724	(178)	-0.44%
12	22%	78%		241,422	869,934	1,111,355	(20,200)	1,091,155	272,789	40,909	40,724	(184)	-0.45%
13	21%	79%		230,448	881,087	1,111,534	(20,203)	1,091,331	272,833	40,915	40,724	(191)	-0.47%
14	20%	80%		219,474	892,240	1,111,714	(20,206)	1,091,507	272,877	40,922	40,724	(197)	-0.48%
15	19%	81%		208,500	903,393	1,111,893	(20,210)	1,091,683	272,921	40,928	40,724	(204)	-0.50%
16	18%	82%		197,527	914,546	1,112,072	(20,213)	1,091,859	272,965	40,935	40,724	(211)	-0.52%
17	17%	83%		186,553	925,699	1,112,252	(20,215)	1,092,035	273,009	40,941	40,724	(217)	-0.53%
18	16%	84%		175,579	936,852	1,112,431	(20,219)	1,092,211	273,053	40,948	40,724	(224)	-0.55%
19	15%	85%		164,606	948,005	1,112,610	(20,223)	1,092,387	273,097	40,955	40,724	(230)	-0.57%
20	14%	86%		153,632	959,158	1,112,790	(20,226)	1,092,564	273,141	40,961	40,724	(237)	-0.58%
21	13%	87%		142,658	970,311	1,112,969	(20,229)	1,092,740	273,185	40,968	40,724	(243)	-0.60%
22	12%	88%		131,684	981,464	1,113,148	(20,233)	1,092,916	273,229	40,974	40,724	(250)	-0.61%
23	11%	89%		120,711	992,617	1,113,327	(20,236)	1,093,092	273,273	40,981	40,724	(257)	-0.63%
24	10%	90%		109,737	1,003,770	1,113,507	(20,239)	1,093,268	273,317	40,988	40,724	(263)	-0.65%
25	9%	91%		98,763	1,014,923	1,113,686	(20,242)	1,093,444	273,361	40,994	40,724	(270)	-0.65%
26	8%	92%		87,790	1,026,076	1,113,865	(20,246)	1,093,620	273,405	41,001	40,724	(276)	-0.68%
27	7%	93%		76,816	1,037,229	1,114,045	(20,249)	1,093,796	273,449	41,007	40,724	(283)	-0.69%
28	6%	94%		65,842	1,048,382	1,114,224	(20,252)	1,093,972	273,493	41,014	40,724	(290)	-0.71%
29	5%	95%		54,869	1,059,535	1,114,403	(20,255)	1,094,148	273,537	41,020	40,724	(296)	-0.73%
26	4%	96%		43,895	1,070,688	1,114,582	(20,259)	1,094,324	273,581	41,027	40,724	(303)	-0.74%
27	3%	97%		32,921	1,081,841	1,114,762	(20,262)	1,094,500	273,625	41,034	40,724	(309)	-0.76%
28	2%	98%		21,947	1,092,994	1,114,941	(20,265)	1,094,676	273,669	41,040	40,724	(315)	-0.78%
29	1%	99%		10,974	1,104,147	1,115,120	(20,268)	1,094,852	273,713	41,047	40,724	(322)	-0.79%
30	0%	100%		(0)	1,115,300	1,115,300	(20,272)	1,095,028	273,757	41,053	40,724	(329)	-0.81%
31													

Includes \$118.24 tax on Parcels

Vail Water Company / Phase 2 Increase
 Test Year Ended December 31, 1998
 Capitalization, with and without Negative Retained Earnings
 Negative Retained Earnings and Proposed Shareowner Loan

Exhibit
 Rejoinder Schedule D-1
 Page 1
 Witness: Kozoman

Line No.	Item of Capital	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost
1					
2	Common Stock	\$638,099	63.02%	12.00%	7.56%
3	Paid in Capital (a)	600,745	59.33%	12.00%	7.12%
4	Retained Earnings	(1,103,717)	-109.01%	12.00%	-13.08%
5	Total Equity	135,127	13.35%	12.00%	1.60%
6	WIFA Loan	819,000	80.89%	6.26%	5.06%
7	Shareowner Loans	58,340	5.76%	10.25%	0.59%
8		<u>\$1,012,467</u>	<u>113.35%</u>		<u>8.85%</u>

Line No.	Item of Capital	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost
11					
12					
13	Common Stock	\$638,099	30.15%	12.00%	3.62%
14	Paid in Capital (a)	600,745	28.39%	12.00%	3.41%
15	Total Equity	<u>\$1,238,844</u>	<u>58.54%</u>	<u>12.00%</u>	<u>7.02%</u>
16	WIFA Loan	819,000	38.70%	6.26%	2.42%
17	Shareowner Loans	58,340	2.76%	10.25%	0.28%
18		<u>\$2,116,184</u>	<u>100.00%</u>		<u>9.73%</u>

Line No.	Item of Capital	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost
21					
22					
23	Common Stock	\$638,099	31.01%	12.00%	3.72%
24	Paid in Capital (a)	600,745	29.19%	12.00%	3.50%
25	Total Equity	<u>\$1,238,844</u>	<u>60.20%</u>	<u>12.00%</u>	<u>7.22%</u>
26	WIFA Loan	819,000	39.80%	6.26%	2.49%
27		<u>\$2,057,844</u>	<u>100.00%</u>		<u>9.71%</u>

29 (a) Paid in Capital Adjusted to Reflect Additional Equity Investment of \$
 30

Vail Water Company / Phase 2 Increase
 Test Year Ended December 31, 1998
 Interest Coverage and Debt Service Computations
 with Proposed Phase 2 Debt at Proposed Rates Phase 2

Exhibit
 Rebuttal Schedule D.4.S
 Page 1
 Witness: Kozoman

Line No.	All Debt	WIFA Debt Only	All Debt Service	Wifa Debt Service Only	Cash Flow All Debt	Cash Flow WIFA Debt Only
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						

Available for Interest Coverage:
 Operating Income (Sch. C-1, Line 31) \$65,327
 Add: Other Income (Sch. C-1, Line 33) \$711
 Total Available for Interest Coverage \$66,038
 Interest Expense (Sch. C-1, Line 32) 54,005
 Interest Coverage (Line 4 / Line 5) 1.21 1.36

Available for Debt Service:
 Operating Income & Other Income (Line 4 above) \$65,327
 Add:
 Amortization of Prepaid Water Rights (Sch. C-1, Line 27) 3,694
 Depreciation Expense (Sch. C-1, Line 26) 69,231
 Available for Debt Service (Lines 10 + 11 + 12 + 13) \$138,253

Debt Service (Interest and Principal Payments from Sch. C-2, Page 3) 93,109
 Meter and Service Line Refunds 3790
 Repayment of Advances in Aid of Construction:
 1998 Refunds (based on 1997 revenues) increased in ratio of Proposed Revenues / 1997 Revenues \$16,883
 (Ratio Computation listed below) 2,33649
 Refunds at Proposed Rates \$39,447
 Total Debt Service (Lines 16 + 17 + 22) 93,109 86,237

Debt Service Coverage (Line 14 / Line 24) 1.48 1.60
 Net Cash Flow 1,906 8,779
 Ratio of Net Cash to Proposed Revenues 0.393% 1.809%

Ratio of Proposed Revenues to 1997 Revenues:
 Proposed Revenues without CAP Hookup Tariff Revenues \$485,344
 and Miscellaneous Revenues 2,336486
 Divided by 1997 Revenues without Misc. Revenues \$207,724

Vail Water Company
 ACC Staff's Debt Service and Resulting Cash Flow
 Test Year Ended December 31, 1998

Exhibit
 Rejoinder Schedule D-4-S
 Page 2
 Witness: Kozoman

Proposed ACC Staff Debt Service With WIFA Loan Only	Proposed ACC Staff Cash Flow With WIFA Loan Only	Needed ACC Staff Debt Service With WIFA Loan Only	Needed ACC Staff Cash Flow With WIFA Loan Only
\$ 51,079	\$ 51,079	\$ 74,942	\$ 74,942
52,021	52,021	52,021	52,021
<u>\$ 103,100</u>	<u>\$ 103,100</u>	<u>\$ 126,963</u>	<u>\$ 126,963</u>

71,864	(71,864)	71,864	(71,864)
14,373	(14,373)	14,373	(14,373)
86,237		86,237	
<u>1.20</u>		<u>1.47</u>	

(3,790)	(3,790)
(34,996)	(34,996)
<u>\$ (21,923)</u>	<u>\$ (36,935)</u>
	<u><u>\$ 1</u></u>

Line No.	Description
1	ACC Staff Operating Income (From SSA-6, Line 1 Revised)
2	
3	Add: ACC Staff Depreciation and Amortization (L21+22)
4	Available for Debt Service and Cash Flow
5	

6	Debt Service and/or Payouts of Cash:
7	Interest and Principal Payments of WIFA of \$819,000 (From Page 2, Line 24)
8	
9	WIFA Debt Reserve Funding (From Page 2, Line 27)
10	Total Debt Service
11	Debt Service
12	(Line 4 Divided by Line 10)
13	Meter Deposit refunds
14	Repayment of Advances in Aid of Construction
15	at ACC Staff's Proposed Rates (From Line 26)
16	Net Cash Flow
17	(Line 4 minus (Lines 8 + 9 +13 +14))
18	
19	
20	
21	
22	
23	
24	
25	
26	
27	

1997	Percent Paid	Advance Repayments	ACC Staff's Proposed Revenues
16,883	8.128%	430,579	\$ 34,996
207,724			

16,883	8.128%	454,442	\$ 36,935
207,724			

NEEDED ACC STAFF DEBT SERVICE FOR POSITIVE CASH FLOW:

Vail Water Company / Phase 2 Increase
 Test Year Ended December 31, 1998
 Summary of Revenues by Meter Size at
 Proposed Rates Rebuttal Rates for Phase 1 and Phase 2

Exhibit
 Rejoinder Schedule F-1
 Page 1
 Witness: Kozoman

Line No.	Meter Size	Rejoinder Phase 1 Proposed Revenues	Rejoinder Phase 2 Proposed Revenues	Dollar Change	Percent Change
1	5/8 x 3/4 inch Meter	\$372,565	\$414,405	\$41,841	11.23%
2	1 inch	4,638	5,138	500	10.77%
3	2 inch Meter	3,184	3,516	332	10.43%
4	6 inch Meter	12,033	13,117	1,084	9.01%
5	Standpipe	0	0	0	0.00%
6	Subtotal Water Revenues	392,419	436,176	43,756	11.15%
7	Proforma Adjustment / Customer Growth				
8	5/8 x 3/4 inch meters	27,991	31,119	3,129	11.18%
9	Miscellaneous Revenues	3,341	3,341	0	
10	Subtotal of Revenues	423,751	470,636	46,885	11.06%
11					
12	ACC Staff Assumed Additional Customers at May 1, 2000				
13	For WFA Surcharge at \$8.45 Per Customer Per Month:				
14		178	18,049		
15	For CAP Hookup Tariff Estimated Annual Customer Increase				
16		60	60,000		
17					
18					
19	Total Water Revenues	\$501,800	\$548,685	\$46,885	9.34%
20	Revenues to be Charged by Existing Customers	\$423,751	\$470,636	\$46,885	11.06%
21					
22	ACC Staff Assumed Customers at May 1, 2000		772		
23	Actual Customers at End of Test Year		594		
24	ACC Staff Assumed Additional Customers by May 1, 2000		178	x	8.45 =
25					\$18,049

M-1-0001-0017

Vail Water Company / Phase 2 Increase
 Test Year Ended December 31, 1998
 Analysis of Revenue by Detailed Class

Exhibit
 Rejoinder Schedule H 2
 Page 1
 Witness: Kozoman

Line No.	Customers Classification and/or Meter Size	Average Number of Customers as of 12/31/98	Average Consumption	Revenues		Proposed Increase	
				Present Rates	Proposed Rates	Dollar Amount	Percent
1	5/8 x 3/4 Inch Meter	588		\$372,565	\$414,405	\$41,841	11.23%
2							
3	1 Inch	4		\$4,638	\$5,138	\$500	10.77%
4							
5	2 Inch Meter	1		\$3,184	\$3,516	\$332	10.43%
6							
7	6 Inch Meter	1		\$12,033	\$13,117	\$1,084	9.01%
8	Totals	594		\$392,419	\$436,176	\$43,756	11.15%
9							
10							
11							
12							
13	5/8 x 3/4 Inch Meter	588	7,940	\$52.79	\$58.72	\$5.93	11.23%
14							
15	1 Inch	4	11,787	\$98.68	\$109.31	\$10.63	10.77%
16							
17	2 Inch Meter	1	25,500	\$265.32	\$292.98	\$27.66	10.43%
18							
19	6 Inch Meter	1	667	\$1,002.75	\$1,093.10	\$90.35	9.01%
20		594					

Vail Water Company / Phase 2 Increase

Changes in Representative Rate Schedules

Test Year Ended December 31, 1998

Proposed Rates Rebuttal Rates for Phase 1 and Phase 2

Exhibit

Rejoinder Schedule H-3

Page 1

Witness: Kozoman

Line No.	Customer Classification and Meter Size	Proposed Rejoinder Phase 1 Rates	Proposed Rejoinder Phase 2 Rates	Percent Change
1	Monthly Usage Charge for:			
2	Residential, Commercial, Industrial, Construction, Agricultural, Standpipe			
3	5/8 x 3/4 Inch	\$20.00	\$21.80	9.00%
4	3 / 4 Inch	\$30.00	\$32.70	9.00%
5	1 Inch	\$50.00	\$54.50	9.00%
6	1 1/2 Inch	\$100.00	\$109.00	9.00%
7	2 Inch	\$160.00	\$174.40	9.00%
8	3 Inch	\$320.00	\$348.80	9.00%
9	4 Inch	\$500.00	\$545.00	9.00%
10	6 Inch	\$1,000.00	\$1,090.00	9.00%
11	Sprinkler Rate	(a)	(a)	
12				
13	Base Charge for 5/8" Meter is	\$13.35	plus \$8.45	For
14	WIFA Surcharge			
15	(a) Higher of \$7.00 per month or 2.00% of monthly minimum.			
16				
17				
18	Gallons included in Monthly Usage Charge			
19	5/8 x 3/4 Inch Meters	0	0	0.00%
20	3/4 Inch Meters	0	0	0.00%
21	1 Inch	0	0	0.00%
22	1 1/2 Inch	0	0	0.00%
23	2 Inch	0	0	0.00%
24	3 Inch	0	0	0.00%
25	4 Inch	0	0	0.00%
26	6 Inch	0	0	0.00%
27				
28				
29	Commodity Rates:			
30	All Customer :			
31	Charge per 1,000 Gallons in excess of gallons included in Monthly			
32	Usage Charge	\$4.13	\$4.650	12.59%
33				
34				
35				
36	Service Line and Meter Installation Charges:			
37		Present Rates	Proposed Rates (a)	
38	<u>Meter Size</u>			
39	5/8 x 3/4 Inch	\$400.00	\$400.00	
40	3 / 4 Inch	\$440.00	\$440.00	
41	1 Inch	\$500.00	\$500.00	
42	1 1/2 Inch	\$675.00	\$675.00	
43	2 Inch - Compound	\$1,660.00	\$1,660.00	
44	3 Inch - Compound	\$2,150.00	\$2,150.00	
45	4 Inch - Compound	\$3,135.00	\$3,135.00	
46	6 Inch - Compound	\$6,190.00	\$6,190.00	
47				
48	Main extension tariff	Cost	Cost	
49				
50	N/A Not Applicable, No Current Tariff.			

Vail Water Company / Phase 2 Increase
BILL COMPARISON - REJOINER PROPOSED RATES PHASE 1 AND 2
 Customers on 5/8 x 3/4 Inch Meters
 Test Year Ended December 31, 1998

Exhibit
 Rejoinder Schedule H-4
 Page 1
 Witness: Kozoman

GALLONS BILLED	REJOINER		DOLLAR INCREASE	PERCENT INCREASE
	PHASE 2 PROPOSED BILL	PHASE 2 PROPOSED BILL		
0	\$20.00	\$21.80	\$1.80	9.00%
1,000	24.13	26.45	2.32	9.61%
2,000	28.26	31.10	2.84	10.05%
3,000	32.39	35.75	3.36	10.37%
4,000	36.52	40.40	3.88	10.62%
5,000	40.65	45.05	4.40	10.82%
6,000	44.78	49.70	4.92	10.99%
7,000	48.91	54.35	5.44	11.12%
8,000	53.04	59.00	5.96	11.24%
9,000	57.17	63.65	6.48	11.33%
10,000	61.30	68.30	7.00	11.42%
11,000	65.43	72.95	7.52	11.49%
12,000	69.56	77.60	8.04	11.56%
13,000	73.69	82.25	8.56	11.62%
14,000	77.82	86.90	9.08	11.67%
15,000	81.95	91.55	9.60	11.71%
16,000	86.08	96.20	10.12	11.76%
17,000	90.21	100.85	10.64	11.79%
18,000	94.34	105.50	11.16	11.83%
19,000	98.47	110.15	11.68	11.86%
20,000	102.60	114.80	12.20	11.89%
21,000	106.73	119.45	12.72	11.92%
22,000	110.86	124.10	13.24	11.94%
23,000	114.99	128.75	13.76	11.97%
24,000	119.12	133.40	14.28	11.99%
25,000	123.25	138.05	14.80	12.01%
26,000	127.38	142.70	15.32	12.03%
27,000	131.51	147.35	15.84	12.04%
28,000	135.64	152.00	16.36	12.06%
Median Usage				
6,000	44.78	49.70	4.92	10.99%
Average Usage				
7,940	52.79	58.72	5.93	11.23%

PRESENT RATES:

MONTHLY MINIMUM	\$20.00
GALLONS IN MINIMUM	0
CHARGE PER 1,000 GALLONS	\$4.13

PROPOSED RATES:

MONTHLY MINIMUM	\$21.80
GALLONS IN MINIMUM	0
CHARGE PER 1,000 GALLONS	\$4.65

Vail Water Company / Phase 2 Increase
BILL COMPARISON - REJOINDER PROPOSED RATES PHASE 1 AND 2
 Customers on 1 inch Meters
 Test Year Ended December 31, 1998

Exhibit
 Rejoinder Schedule H-4
 Page 2
 Witness: Kozoman

GALLONS BILLED	<u>REJOINDER</u>		DOLLAR INCREASE	PERCENT INCREASE
	PHASE 2 PROPOSED BILL	PHASE 2 PROPOSED BILL		
0	\$50.00	\$4.50	\$4.50	9.00%
1,000	54.13	59.15	5.02	9.27%
2,000	58.26	63.80	5.54	9.51%
3,000	62.39	68.45	6.06	9.71%
4,000	66.52	73.10	6.58	9.89%
5,000	70.65	77.75	7.10	10.05%
6,000	74.78	82.40	7.62	10.19%
7,000	78.91	87.05	8.14	10.32%
8,000	83.04	91.70	8.66	10.43%
9,000	87.17	96.35	9.18	10.53%
10,000	91.30	101.00	9.70	10.62%
11,000	95.43	105.65	10.22	10.71%
12,000	99.56	110.30	10.74	10.79%
13,000	103.69	114.95	11.26	10.86%
14,000	107.82	119.60	11.78	10.93%
15,000	111.95	124.25	12.30	10.99%
16,000	116.08	128.90	12.82	11.04%
17,000	120.21	133.55	13.34	11.10%
18,000	124.34	138.20	13.86	11.15%
19,000	128.47	142.85	14.38	11.19%
20,000	132.60	147.50	14.90	11.24%
21,000	136.73	152.15	15.42	11.28%
22,000	140.86	156.80	15.94	11.32%
23,000	144.99	161.45	16.46	11.35%
24,000	149.12	166.10	16.98	11.39%
25,000	153.25	170.75	17.50	11.42%
26,000	157.38	175.40	18.02	11.45%
Median Usage				
11,000	95.43	105.65	10.22	10.71%
Average Usage				
11,787	96.68	109.31	10.63	10.77%

PRESENT RATES:

MONTHLY MINIMUM	\$50.00
GALLONS IN MINIMUM	0
CHARGE PER 1,000 GALLONS	\$4.13

PROPOSED RATES:

MONTHLY MINIMUM	\$54.50
GALLONS IN MINIMUM	0
CHARGE PER 1,000 GALLONS	\$4.65

Vail Water Company / Phase 2 Increase
BILL COMPARISON - REJOINDER PROPOSED RATES PHASE 1 AND 2
 Customers on 2 Inch Meters
 Bill Count 2 Inch Meter

Exhibit
 Rejoinder Schedule H-4
 Page 3
 Witness: Kozoman

GALLONS BILLED	REJOINDER		DOLLAR INCREASE	PERCENT INCREASE
	PHASE 2 PROPOSED BILL	PHASE 2 PROPOSED BILL		
0	\$160.00	\$174.40	\$14.40	9.00%
1,000	164.13	179.05	14.92	9.09%
2,000	168.26	183.70	15.44	9.18%
3,000	172.39	188.35	15.96	9.26%
4,000	176.52	193.00	16.48	9.34%
5,000	180.65	197.65	17.00	9.41%
6,000	184.78	202.30	17.52	9.48%
7,000	188.91	206.95	18.04	9.55%
8,000	193.04	211.60	18.56	9.61%
9,000	197.17	216.25	19.08	9.68%
10,000	201.30	220.90	19.60	9.74%
11,000	205.43	225.55	20.12	9.79%
12,000	209.56	230.20	20.64	9.85%
13,000	213.69	234.85	21.16	9.90%
14,000	217.82	239.50	21.68	9.95%
15,000	221.95	244.15	22.20	10.00%
16,000	226.08	248.80	22.72	10.05%
17,000	230.21	253.45	23.24	10.10%
18,000	234.34	258.10	23.76	10.14%
19,000	238.47	262.75	24.28	10.18%
20,000	242.60	267.40	24.80	10.22%
21,000	246.73	272.05	25.32	10.26%
22,000	250.86	276.70	25.84	10.30%
23,000	254.99	281.35	26.36	10.34%
24,000	259.12	286.00	26.88	10.37%
25,000	263.25	290.65	27.40	10.41%
26,000	267.38	295.30	27.92	10.44%
27,000	271.51	299.95	28.44	10.47%
28,000	275.64	304.60	28.96	10.51%
29,000	279.77	309.25	29.48	10.54%
30,000	283.90	313.90	30.00	10.57%
31,000	288.03	318.55	30.52	10.60%
32,000	292.16	323.20	31.04	10.62%
33,000	296.29	327.85	31.56	10.65%
34,000	300.42	332.50	32.08	10.68%
35,000	304.55	337.15	32.60	10.70%
36,000	308.68	341.80	33.12	10.73%
37,000	312.81	346.45	33.64	10.75%
38,000	316.94	351.10	34.16	10.78%
39,000	321.07	355.75	34.68	10.80%
40,000	325.20	360.40	35.20	10.82%
41,000	329.33	365.05	35.72	10.85%
42,000	333.46	369.70	36.24	10.87%
43,000	337.59	374.35	36.76	10.89%
Median Usage 27,500	273.58	302.28	28.70	10.49%
Average Usage 25,500	265.32	292.98	27.66	10.43%

PRESENT RATES:

MONTHLY MINIMUM	\$160.00
GALLONS IN MINIMUM	0
CHARGE PER 1,000 GALLONS	\$4.13

PROPOSED RATES:

MONTHLY MINIMUM	\$174.40
GALLONS IN MINIMUM	0
CHARGE PER 1,000 GALLONS	\$4.65

Vail Water Company / Phase 2 Increase
 BILL COMPARISON - REJOINER PROPOSED RATES PHASE 1 AND 2
 Customers on 6 inch Meters
 Test Year Ended December 31, 1998

Exhibit
 Rejoinder Schedule H-4
 Page 4
 Witness: Kozuman

GALLONS BILLED	REJOINER		DOLLAR INCREASE	PERCENT INCREASE
	PHASE 2 PROPOSED BILL	PHASE 2 PROPOSED BILL		
0	\$1,000.00	\$1,090.00	\$90.00	9.00%
1,000	1,004.13	1,094.65	90.52	9.01%
2,000	1,008.26	1,099.30	91.04	9.03%
3,000	1,012.39	1,103.95	91.56	9.04%
4,000	1,016.52	1,108.60	92.08	9.06%
5,000	1,020.65	1,113.25	92.60	9.07%
6,000	1,024.78	1,117.90	93.12	9.09%
7,000	1,028.91	1,122.55	93.64	9.10%
8,000	1,033.04	1,127.20	94.16	9.11%
9,000	1,037.17	1,131.85	94.68	9.13%
10,000	1,041.30	1,136.50	95.20	9.14%
11,000	1,045.43	1,141.15	95.72	9.16%
12,000	1,049.56	1,145.80	96.24	9.17%
13,000	1,053.69	1,150.45	96.76	9.18%
14,000	1,057.82	1,155.10	97.28	9.20%
15,000	1,061.95	1,159.75	97.80	9.21%
16,000	1,066.08	1,164.40	98.32	9.22%
17,000	1,070.21	1,169.05	98.84	9.24%
18,000	1,074.34	1,173.70	99.36	9.25%
19,000	1,078.47	1,178.35	99.88	9.26%
20,000	1,082.60	1,183.00	100.40	9.27%
21,000	1,086.73	1,187.65	100.92	9.29%
22,000	1,090.86	1,192.30	101.44	9.30%
23,000	1,094.99	1,196.95	101.96	9.31%
24,000	1,099.12	1,201.60	102.48	9.32%
25,000	1,103.25	1,206.25	103.00	9.34%
26,000	1,107.38	1,210.90	103.52	9.35%
27,000	1,111.51	1,215.55	104.04	9.36%
28,000	1,115.64	1,220.20	104.56	9.37%
29,000	1,119.77	1,224.85	105.08	9.38%
30,000	1,123.90	1,229.50	105.60	9.40%
31,000	1,128.03	1,234.15	106.12	9.41%
32,000	1,132.16	1,238.80	106.64	9.42%
33,000	1,136.29	1,243.45	107.16	9.43%
34,000	1,140.42	1,248.10	107.68	9.44%
35,000	1,144.55	1,252.75	108.20	9.45%
36,000	1,148.68	1,257.40	108.72	9.46%
37,000	1,152.81	1,262.05	109.24	9.48%
38,000	1,156.94	1,266.70	109.76	9.49%
39,000	1,161.07	1,271.35	110.28	9.50%
40,000	1,165.20	1,276.00	110.80	9.51%
41,000	1,169.33	1,280.65	111.32	9.52%
42,000	1,173.46	1,285.30	111.84	9.53%
43,000	1,177.59	1,289.95	112.36	9.54%
44,000	1,181.72	1,294.60	112.88	9.55%
45,000	1,185.85	1,299.25	113.40	9.56%
46,000	1,189.98	1,303.90	113.92	9.57%
47,000	1,194.11	1,308.55	114.44	9.58%
48,000	1,198.24	1,313.20	114.96	9.59%
Median Usage 4,500	1,018.59	1,110.93	92.34	9.07%
Average Usage 667	1,002.75	1,093.10	90.35	9.01%

PRESENT RATES:

MONTHLY MINIMUM	\$1,000.00
GALLONS IN MINIMUM	0
CHARGE PER 1,000 GALLONS	\$4.13

PROPOSED RATES:

MONTHLY MINIMUM	\$1,090.00
GALLONS IN MINIMUM	0
CHARGE PER 1,000 GALLONS	\$4.65

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Vail Water Company / Phase 2 Increase
 Test Year Ended December 31, 1998
 Summary of Revenues by Meter Size at
 Present and Proposed Phase 2 Rates

Exhibit
 Rejoinder Schedule H 1
 Page 1
 Witness: Kozoman

Line No.	Meter Size	Adjusted Present Revenues	Rejoinder Phase 2 Proposed Revenues	Dollar Change	Percent Change
1	5/8 x 3/4 inch Meter	\$311,752	\$401,703	\$89,951	28.85%
2	1 inch	2,971	5,138	2,167	72.95%
3	2 inch Meter	1,700	3,516	1,816	106.87%
4	6 inch Meter	3,390	13,117	9,727	286.94%
5	Standpipe	0	0	0	0.00%
6	Subtotal Water Revenues	319,812	423,473	103,661	32.41%
7	Proforma Adjustment / Customer Growth				
8	5/8 x 3/4 inch meters	23,344	30,127	6,784	29.06%
9	Miscellaneous Revenues	3,341	3,341	0	
10	Subtotal of Revenues	346,497	456,942	110,445	31.87%
11					
12	ACC Staff Assumed Additional Customers at May 1, 2000				
13	For WFA Surcharge at \$8.45 Per Customer Per Month:				
14		178	18,049	18,049	
15	For CAP Hookup-Tariff / Estimated Annual Customer Increase				
16		60	60,000	60,000	
17					
18					
19	Total Water Revenues	\$346,497	\$534,991	\$ 88,494	54.40%
20	Water Revenues from Existing Customers	\$346,497	\$456,942	\$ 10,445	31.87%
21					
22	ACC Staff Assumed Customers at May 1, 2000		772		
23	Actual Customers at End of Test Year		594		
24	ACC Staff Assumed Additional Customers by May 1, 2000		178	x	8.45 = \$18,049

Vail Water Company / Phase 2 Increase
 Test Year Ended December 31, 1998
 Analysis of Revenue by Detailed Class

Exhibit
 Rejoinder Schedule H 2
 Page 1
 Witness: Kozoman

Line No.	Customers Classification and/or Meter Size	Average Number of Customers as of 12/31/98	Average Consumption	Revenues		Proposed Increase	
				Present Rates	Proposed Rates	Dollar Amount	Percent
1	5/8 x 3/4 Inch Meter	588		\$311,752	\$401,703	\$89,951	28.85%
2							
3	1 Inch	4		\$2,971	\$5,138	\$2,167	72.95%
4							
5	2 Inch Meter	1		\$1,700	\$3,516	\$1,816	106.87%
6							
7	5 Inch Meter	1		\$3,390	\$13,117	\$9,727	286.94%
8	Totals	594		\$319,812	\$423,473	\$103,661	32.41%
9							
10							
11							
12							
13	5/8 x 3/4 Inch Meter	588	7,940	\$44.18	\$56.92	\$12.75	28.85%
14							
15	1 Inch	4	11,787	\$63.20	\$109.31	\$46.11	72.95%
16							
17	2 Inch Meter	1	25,500	\$141.63	\$292.98	\$151.35	106.87%
18							
19	5 Inch Meter	1	667	\$282.50	\$1,093.10	\$810.60	286.94%
20		594					

Vail Water Company / Phase 2 Increase
 Changes in Representative Rate Schedules
 Test Year Ended December 31, 1998

Exhibit
 Rejoinder Schedule H-3
 Page 1
 Witness: Kozoman

Line No.	Customer Classification and Meter Size	Present Rates	Rejoinder Phase 2 Proposed Rates	Percent Change
1	Monthly Usage Charge for:			
2	Residential, Commercial, Industrial, Construction, Agricultural, Standpipe			
3	5/8 x 3/4 Inch	\$14.40	\$21.80	51.39%
4	3 / 4 Inch	\$14.40	\$32.70	127.08%
5	1 Inch	\$19.00	\$54.50	186.84%
6	1 1/2 Inch	\$25.00	\$109.00	336.00%
7	2 Inch	\$46.00	\$174.40	279.13%
8	3 Inch	\$67.50	\$348.80	416.74%
9	4 Inch	\$100.00	\$545.00	445.00%
10	6 Inch	\$280.00	\$1,090.00	289.29%
11	Sprinkler Rate		(a)	
12				
13	Base Charge for 5/8" Meter is	\$11.55	plus \$8.45	For
14	WIFA Surcharge			
15	(a) Higher of \$7.00 per month or 2.00% of monthly minimum.			
16				
17				
18	Gallons included in Monthly Usage Charge			
19	5/8 x 3/4 Inch Meters	0	0	0.00%
20	3/4 Inch Meters	0	0	0.00%
21	1 Inch	0	0	0.00%
22	1 1/2 Inch	0	0	0.00%
23	2 Inch	0	0	0.00%
24	3 Inch	0	0	0.00%
25	4 Inch	0	0	0.00%
26	6 Inch	0	0	0.00%
27				
28				
29	Commodity Rates:			
30	All Customers			
31	Charge per 1,000 Gallons in excess of gallons included in Monthly			
32	Usage Charge	\$3.75	\$4.650	24.00%
33				
34				
35				
36	Service Line and Meter Installation Charges:			
37		Present Rates	Proposed Rates (a)	
38	<u>Meter Size</u>			
39	5/8 x 3/4 Inch	\$400.00	\$400.00	
40	3 / 4 Inch	\$440.00	\$440.00	
41	1 Inch	\$500.00	\$500.00	
42	1 1/2 Inch	\$675.00	\$675.00	
43	2 Inch - Compound	\$1,660.00	\$1,660.00	
44	3 Inch - Compound	\$2,150.00	\$2,150.00	
45	4 Inch - Compound	\$3,135.00	\$3,135.00	
46	6 Inch - Compound	\$6,190.00	\$6,190.00	
47				
48	Main extension tariff	Cost	Cost	
49				
50	N/A Not Applicable, No Current Tariff			

Vail Water Company / Phase 2 Increase
BILL COMPARISON - PRESENT AND PROPOSED PHASE 2 RATES
 Customers on 5/8 x 3/4 Inch Meters
 Test Year Ended December 31, 1998

Exhibit
 Rejoinder Schedule H-4
 Page 1
 Witness: Kozoman

GALLONS BILLED	REJOINDER PHASE I		DOLLAR INCREASE	PERCENT INCREASE
	PRESENT BILL	PROPOSED BILL		
0	\$14.40	\$20.00	\$5.60	38.89%
1,000	18.15	24.65	6.50	35.81%
2,000	21.90	29.30	7.40	33.79%
3,000	25.65	33.95	8.30	32.36%
4,000	29.40	38.60	9.20	31.29%
5,000	33.15	43.25	10.10	30.47%
6,000	36.90	47.90	11.00	29.81%
7,000	40.65	52.55	11.90	29.27%
8,000	44.40	57.20	12.80	28.83%
9,000	48.15	61.85	13.70	28.45%
10,000	51.90	66.50	14.60	28.13%
11,000	55.65	71.15	15.50	27.85%
12,000	59.40	75.80	16.40	27.61%
13,000	63.15	80.45	17.30	27.40%
14,000	66.90	85.10	18.20	27.20%
15,000	70.65	89.75	19.10	27.03%
16,000	74.40	94.40	20.00	26.88%
17,000	78.15	99.05	20.90	26.74%
18,000	81.90	103.70	21.80	26.62%
19,000	85.65	108.35	22.70	26.50%
20,000	89.40	113.00	23.60	26.40%
21,000	93.15	117.65	24.50	26.30%
22,000	96.90	122.30	25.40	26.21%
23,000	100.65	126.95	26.30	26.13%
24,000	104.40	131.60	27.20	26.05%
25,000	108.15	136.25	28.10	25.98%
26,000	111.90	140.90	29.00	25.92%
27,000	115.65	145.55	29.90	25.85%
28,000	119.40	150.20	30.80	25.80%
29,000	123.15	154.85	31.70	25.74%
30,000	126.90	159.50	32.60	25.69%
31,000	130.65	164.15	33.50	25.64%
32,000	134.40	168.80	34.40	25.60%
33,000	138.15	173.45	35.30	25.55%
34,000	141.90	178.10	36.20	25.51%
35,000	145.65	182.75	37.10	25.47%
36,000	149.40	187.40	38.00	25.44%
37,000	153.15	192.05	38.90	25.40%
38,000	156.90	196.70	39.80	25.37%
39,000	160.65	201.35	40.70	25.33%
40,000	164.40	206.00	41.60	25.30%
41,000	168.15	210.65	42.50	25.28%
42,000	171.90	215.30	43.40	25.25%
43,000	175.65	219.95	44.30	25.22%
44,000	179.40	224.60	45.20	25.20%
45,000	183.15	229.25	46.10	25.17%
46,000	186.90	233.90	47.00	25.15%
47,000	190.65	238.55	47.90	25.12%
48,000	194.40	243.20	48.80	25.10%
Median Usage				
6,000	36.90	47.90	11.00	29.81%
Average Usage				
7,940	44.18	56.92	12.75	28.85%

PRESENT RATES:

MONTHLY MINIMUM	\$14.40
GALLONS IN MINIMUM	0
CHARGE PER 1,000 GALLONS	\$3.75

PROPOSED RATES:

MONTHLY MINIMUM	\$21.80
GALLONS IN MINIMUM	0
CHARGE PER 1,000 GALLONS	\$4.65

Vail Water Company / Phase 2 Increase
BILL COMPARISON PRESENT AND PROPOSED PHASE 2 RATES
 Customers on 1 Inch Meters
 Test Year Ended December 31, 1998

Exhibit
 Rejoinder Schedule H 4
 Page 2
 Witness: Kozman

GALLONS BILLED	PRESENT BILL	REJOINDER	DOLLAR INCREASE	PERCENT INCREASE
		PHASE 1 PROPOSED BILL		
0	\$19.00	54.50	\$35.50	186.84%
1,000	22.75	59.15	36.40	160.00%
2,000	26.50	63.80	37.30	140.75%
3,000	30.25	68.45	38.20	126.28%
4,000	34.00	73.10	39.10	115.00%
5,000	37.75	77.75	40.00	105.96%
6,000	41.50	82.40	40.90	98.55%
7,000	45.25	87.05	41.80	92.38%
8,000	49.00	91.70	42.70	87.14%
9,000	52.75	96.35	43.60	82.65%
10,000	56.50	101.00	44.50	78.76%
11,000	60.25	105.65	45.40	75.35%
12,000	64.00	110.30	46.30	72.34%
13,000	67.75	114.95	47.20	69.67%
14,000	71.50	119.60	48.10	67.27%
15,000	75.25	124.25	49.00	65.12%
16,000	79.00	128.90	49.90	63.16%
17,000	82.75	133.55	50.80	61.39%
18,000	86.50	138.20	51.70	59.77%
19,000	90.25	142.85	52.60	58.28%
20,000	94.00	147.50	53.50	56.91%
21,000	97.75	152.15	54.40	55.65%
22,000	101.50	156.80	55.30	54.48%
23,000	105.25	161.45	56.20	53.40%
24,000	109.00	166.10	57.10	52.39%
25,000	112.75	170.75	58.00	51.44%
26,000	116.50	175.40	58.90	50.56%
Median Usage				
11,000	60.25	105.65	45.40	75.35%
Average Usage				
11,787	63.20	109.31	46.11	72.95%

PRESENT RATES:

MONTHLY MINIMUM	\$19.00
GALLONS IN MINIMUM	0
CHARGE PER 1,000 GALLONS	\$3.75

PROPOSED RATES:

MONTHLY MINIMUM	\$54.50
GALLONS IN MINIMUM	0
CHARGE PER 1,000 GALLONS	\$4.65

Vail Water Company / Phase 2 Increase
BILL COMPARISON - PRESENT AND PROPOSED PHASE 2 RATES
 Customers on 2 Inch Meters
 Bill Count 2 Inch Meter

Exhibit
 Rejoinder Schedule H-4
 Page 3
 Witness: Kozoman

GALLONS BILLED	PRESENT BILL	REJOINDER	DOLLAR INCREASE	PERCENT INCREASE
		PHASE 1 PROPOSED BILL		
0	\$46.00	\$174.40	\$128.40	279.13%
1,000	49.75	179.05	129.30	259.90%
2,000	53.50	183.70	130.20	243.36%
3,000	57.25	188.35	131.10	229.00%
4,000	61.00	193.00	132.00	216.39%
5,000	64.75	197.65	132.90	205.25%
6,000	68.50	202.30	133.80	195.33%
7,000	72.25	206.95	134.70	186.44%
8,000	76.00	211.60	135.60	178.42%
9,000	79.75	216.25	136.50	171.16%
10,000	83.50	220.90	137.40	164.55%
11,000	87.25	225.55	138.30	158.51%
12,000	91.00	230.20	139.20	152.97%
13,000	94.75	234.85	140.10	147.86%
14,000	98.50	239.50	141.00	143.15%
15,000	102.25	244.15	141.90	138.78%
16,000	106.00	248.80	142.80	134.72%
17,000	109.75	253.45	143.70	130.93%
18,000	113.50	258.10	144.60	127.40%
19,000	117.25	262.75	145.50	124.09%
20,000	121.00	267.40	146.40	120.99%
21,000	124.75	272.05	147.30	118.08%
22,000	128.50	276.70	148.20	115.33%
23,000	132.25	281.35	149.10	112.74%
24,000	136.00	286.00	150.00	110.29%
25,000	139.75	290.65	150.90	107.98%
26,000	143.50	295.30	151.80	105.78%
27,000	147.25	299.95	152.70	103.70%
28,000	151.00	304.60	153.60	101.72%
29,000	154.75	309.25	154.50	99.84%
30,000	158.50	313.90	155.40	98.04%
31,000	162.25	318.55	156.30	96.33%
32,000	166.00	323.20	157.20	94.70%
33,000	169.75	327.85	158.10	93.14%
34,000	173.50	332.50	159.00	91.64%
35,000	177.25	337.15	159.90	90.21%
36,000	181.00	341.80	160.80	88.84%
37,000	184.75	346.45	161.70	87.52%
38,000	188.50	351.10	162.60	86.26%
39,000	192.25	355.75	163.50	85.05%
40,000	196.00	360.40	164.40	83.88%
41,000	199.75	365.05	165.30	82.75%
42,000	203.50	369.70	166.20	81.67%
43,000	207.25	374.35	167.10	80.63%
Med. ar Usage 27,500	149.13	302.23	153.15	102.70%
Average Usage 25,500	141.63	292.98	151.35	106.87%

PRESENT RATES:

MONTHLY MINIMUM \$46.00
 GALLONS IN MINIMUM 0
 CHARGE PER 1,000 GALLONS \$3.75

PROPOSED RATES:

MONTHLY MINIMUM \$174.40
 GALLONS IN MINIMUM 0
 CHARGE PER 1,000 GALLONS \$4.65

Vail Water Company / Phase 2 Increase
BILL COMPARISON - PRESENT AND PROPOSED PHASE 2 RATES
 Customers on 6 Inch Meters
 Test Year Ended December 31, 1998

Exhibit
 Rejoinder Schedule H-4
 Page 4
 Witness: Kozornik

GALLONS BILLED	PRESENT BILL	PROPOSED BILL	REJOINDER PHASE 1	
			DOLLAR INCREASE	PERCENT INCREASE
0	\$280.00	\$1,090.00	\$810.00	289.29%
1,000	283.75	1,094.65	810.90	285.78%
2,000	287.50	1,099.30	811.80	282.37%
3,000	291.25	1,103.95	812.70	279.04%
4,000	295.00	1,108.60	813.60	275.80%
5,000	298.75	1,113.25	814.50	272.64%
6,000	302.50	1,117.90	815.40	269.55%
7,000	306.25	1,122.55	816.30	266.55%
8,000	310.00	1,127.20	817.20	263.61%
9,000	313.75	1,131.85	818.10	260.75%
10,000	317.50	1,136.50	819.00	257.95%
11,000	321.25	1,141.15	819.90	255.22%
12,000	325.00	1,145.80	820.80	252.55%
13,000	328.75	1,150.45	821.70	249.95%
14,000	332.50	1,155.10	822.60	247.40%
15,000	336.25	1,159.75	823.50	244.91%
16,000	340.00	1,164.40	824.40	242.47%
17,000	343.75	1,169.05	825.30	240.09%
18,000	347.50	1,173.70	826.20	237.76%
19,000	351.25	1,178.35	827.10	235.47%
20,000	355.00	1,183.00	828.00	233.24%
21,000	358.75	1,187.65	828.90	231.05%
22,000	362.50	1,192.30	829.80	228.91%
23,000	366.25	1,196.95	830.70	226.81%
24,000	370.00	1,201.60	831.60	224.76%
25,000	373.75	1,206.25	832.50	222.74%
26,000	377.50	1,210.90	833.40	220.77%
27,000	381.25	1,215.55	834.30	218.83%
28,000	385.00	1,220.20	835.20	216.94%
29,000	388.75	1,224.85	836.10	215.07%
30,000	392.50	1,229.50	837.00	213.25%
31,000	396.25	1,234.15	837.90	211.46%
32,000	400.00	1,238.80	838.80	209.70%
33,000	403.75	1,243.45	839.70	207.98%
34,000	407.50	1,248.10	840.60	206.28%
35,000	411.25	1,252.75	841.50	204.62%
36,000	415.00	1,257.40	842.40	202.99%
37,000	418.75	1,262.05	843.30	201.39%
38,000	422.50	1,266.70	844.20	199.81%
39,000	426.25	1,271.35	845.10	198.26%
40,000	430.00	1,276.00	846.00	196.74%
41,000	433.75	1,280.65	846.90	195.25%
42,000	437.50	1,285.30	847.80	193.78%
43,000	441.25	1,289.95	848.70	192.34%
44,000	445.00	1,294.60	849.60	190.92%
45,000	448.75	1,299.25	850.50	189.53%
46,000	452.50	1,303.90	851.40	188.15%
47,000	456.25	1,308.55	852.30	186.81%
48,000	460.00	1,313.20	853.20	185.48%
Median Usage				
4,500	296.88	1,110.93	814.05	274.21%
Average Usage				
667	282.50	1,093.10	810.60	286.94%

PRESENT RATES:

MONTHLY MINIMUM	\$280.00
GALLONS IN MINIMUM	0
CHARGE PER 1,000 GALLONS	\$3.75

PROPOSED RATES:

MONTHLY MINIMUM	\$1,090.00
GALLONS IN MINIMUM	0
CHARGE PER 1,000 GALLONS	\$4.65

Vail Water Company / Phase 1 Increase
Index of Rejoinder Filing Schedules

Sch.
No.

Exhibit A	Impact of Accounting for ACC Staff's CAP Hookup fee as a Contribution in Aid of Construction
A-1	Summary of the increase in revenue requirement and the spread of the revenue increase by customer classification
B-1	Schedule showing the elements of original cost rate bases.
B-2	Schedule listing pro forma adjustments to rate base components
B-5	Schedule showing the computation of working capital allowance.
C-1	Test year income statement, with pro forma adjustments.
C-2	Schedules showing the detail of all pro forma adjustments.
D-4-S	Debt Service
H-1	Comparison of revenues by customer classification or other classification of revenue for the test year, at present and proposed rates.
H-2	Comparison of revenues by class of service and by rate schedule for the test year at present and proposed rates
H-3	Comparison of present and proposed rates schedules.
H-4	Typical bill analysis.

Vail Water Company / Phase 1 Increase
 Test Year Ended December 31, 1998
 Computation of Increase in Gross Revenue Requirements
 As Adjusted

EXHIBIT
 REJOINDER SCHEDULE A-1
 PAGE 1
 WITNESS: Kozoman

Line No.	Original Cost					
1	Adjusted Rate Base	\$559,996				
2						
3	Adjusted Operating Income	\$29,729				
4						
5	Current Rate of Return	5.31%				
6						
7	Required Operating Income	\$37,609				
8	(From Schedule C-1, Line 33) to Produce					
9	a) Required Debt Service Coverage of	2.21				
10	(Debt Service From Schedule					
11	D-4-S, Page 2, Line 25)					
12	Return on Rate Base	6.72%				
13						
14	Operating Income Deficiency	\$7,880				
15						
16	Gross Revenue Conversion Factor	1				
17						
18	Increase in Gross Revenue					
19	Requirement	\$7,880				
20						
21						
22			Phase 1			
23	<u>Customer and/or Meter Classification</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>% of Total Increase</u>
24	From Customers on:					
25	5/8 x 3/4 inch Meters	\$311,752	\$372,565	\$60,812	19.51%	39.16%
26	1 inch Meters	\$2,971	\$4,638	\$1,668	56.14%	1.07%
27	2 inch Meters	\$1,700	\$3,184	\$1,484	87.34%	0.96%
28	6 inch Meters	\$3,390	\$12,033	\$8,643	254.96%	5.57%
29	Standpipe					0.00%
30	Revenue Annualization 5/8 x 3/4" Meters	23,344	27,991	4,647	19.91%	2.99%
31	Miscellaneous Revenues	3,341	3,341	0		
32	<u>ACC Staff Estimated Customer Growth for:</u>					
33	WIFA Surcharge		18,049	18,049	N/A	11.62%
34	CAP Purchased Water		60,000	60,000	N/A	38.63%
35						
36	Total Revenues	\$346,497	\$501,800	\$155,304	44.82%	100.00%
37	Rates Charged Existing Customers	\$346,497	\$423,751	\$77,254	22.30%	

1000-1000-1000

Vail Water Company / Phase 1 Increase
Test Year Ended December 31, 1998
Summary of Original Cost
Rate Base Elements

EXHIBIT
REJOINDER SCHEDULE B-1
PAGE 1
WITNESS: Kozoman

Line No.		Original Cost Rate Base
1	Gross Utility Plant in Service	\$2,512,952
2		
3	Less: Accumulated Depreciation	500,987
4		
5	Net Utility Plant in Service	\$2,011,965
6		
7		
8	Less:	
9	Customer Advances for	
10	Construction	(1,341,985)
11	Meter Deposits	(37,895)
12	Contributions in Aid of	
13	Construction - Net of Amortization	(183,004)
14	Deferred Income Taxes	
15	Deferred Investment Tax	
16	Taxes	
17		
18		
19	Add:	
20	Prepaid Water Rights	70,188
21	Allowance for Working Capital	40,728
22		
23	Total Rate Base	\$559,996
24		

Vail Water Company / Phase 1 Increase
 Test Year Ended December 31, 1998
 Adjustments to Rate Base

Exhibit
 Rejoinder Schedule B-2
 Page 1
 Witness: Kozoman

Line No.		ACC Staff Adjusted	Company's Rejoinder Label	Company's Adjustments Adjustment	Company's Adjusted Rejoinder
1	Gross Utility				
2	Plant in Service	\$2,160,430	(1)	352,522	2,512,952
3					
4	Less:				
5	Accumulated				
6	Depreciation	<u>500,987</u>			<u>500,987</u>
7					
8	Net Utility Plant				
9	in Service	1,659,443			2,011,965
10					
11	Customer Advances for				
12	Construction	(1,341,985)			(1,341,985)
13					
14	Meter Deposits	(37,895)			(37,895)
15					
16	Contributions in Aid of Construction	(359,685)			(359,685)
17	Less: Amortization	<u>176,681</u>			<u>176,681</u>
18	Net Contributions in Aid of Construction	(183,004)			(183,004)
19					
20					
21	Prepaid Water Rights		(2)	70,188	70,188
22	WIFA Required Reserve				
23					
24	(1) Add Chlorination Treatment Equipment and Transmission & Distributions Lines.				
25	Please See Rejoinder Schedule B-2, Page 2.				
26	(2) Add Unamortized Prepaid Water Rights.				
27					

Vail Water Company / Phase 1 Increase
 Test Year Ended December 31, 1998
 WIFA Construction Loan Projects

Exhibit
 Rejoinder Schedule B 2
 Page 2
 Witness: Kozoman

Line No.	Estimated Cost	(a) Contingency Estimate	Final Cost	Estimated Completion Date	Construction Phase
1	\$ 31,000	\$ 2,016	\$ 33,016	6/15/00	Phase 1
2	300,000	19,506	319,506	7/15/00	Phase 1
3	161,000	10,468	171,468	1/15/01	Phase 2
4	192,000	12,484	204,484	1/15/01	Phase 2
5	85,000	5,527	90,527	3/15/01	Phase 2
6	Estimated Total Cost	\$ 50,000	\$ 819,000		

6.520%

8	(a) Contingency Estimate				
9					
10	Phase 1 Additions		\$ 352,522		
11					
12	Phase 2 Additions		466,479		
13					
14	Total Additions		\$ 819,000		

Acct. No.	Phase One	Phase Two
17	Additions by Phase and by Plant Category:	
18		
19		
20		
21		
22		
23		
24		
320	\$ 33,016	
330	319,506	
311		\$171,468
330		204,484
311		90,527
	\$ 352,522	\$ 466,479

Vail Water Company / Phase 1 Increase
Test Year Ended December 31, 1998
Computation of Working Capital

EXHIBIT
REJOINDER SCHEDULE B-5
PAGE 1
WITNESS: Kozoman

Line

No.

1	Cash Working Capital (1/8 of Allowance	
2	Operation and Maintenance Expense)	\$31,073
3	Pumping Power (1/24 of Pumping Power and	
4	Purchased Water Expense)	5,138
5	Material and Supplies Inventories	
6	Prepayments (Liability Insurance)	<u>4,517</u>
7		
8	Total Working Capital Allowance	<u><u>\$40,728</u></u>
9		
10		

Vail Water Company / Phase 1 Increase
 Last Year Ended December 31, 1998
 Income Statement at ACC Staff Proposed
 Rates and Company Proposed Rates

Exhibit
 Rejoinder Schedule C-1
 Page 1
 Witness: Kozoman

Line No.	Operating Revenues:	ACC Staff Proposed Surrebital Rates	Rejoinder Adjustment Label	Rejoinder Adjustment Amount	Company's Adjusted Rejoinder	Company's Proposed Rate Increase	Company's Proposed Revenues with Increase
1	Operating Revenues:						
2	Metered Water Sales	\$412,530			\$412,530	\$7,880	\$420,410
3	Miscellaneous Revenues	3,341			3,341		3,341
4	CAP Hookup Tariff		(1)	\$50,000	60,000		60,000
5	ACC Staff Customer Growth for						
6	WIFA Surcharge	18,049			18,049		18,049
7	Total Revenues	\$433,920		\$50,000	\$493,920	\$7,880	\$501,800
8							
9	Operating Expenses:						
10	Salaries	\$78,001			\$78,001		\$78,001
11	Purchased CAP Water	23,207			84,888		84,888
12	CAP Recharge Expense	(3,930)	(2)	\$61,681	(3,930)		(3,930)
13	Purchased Pumping Power	42,352			42,352		42,352
14	Water Testing	3,662			3,662		3,662
15	Water Treatment	874			874		874
16	Repairs and Maintenance	7,226			7,226		7,226
17	Office Supplies	20,171			20,171		20,171
18	Outside Services	83,584			83,584		83,584
19	Rate Case Expense	20,000			20,000		20,000
20	Rents	6,000			6,000		6,000
21	Transportation Expense	3,600			3,600		3,600
22	General Insurance	13,551			13,551		13,551
23	Health & Life Insurance	5,944			5,944		5,944
24	Misc. Operating Expenses	5,969			5,969		5,969
25	Property Tax	20,609	(5)	12,060	32,669		32,669
26	Depreciation	48,327	(3)	7,608	55,935		55,935
27	Amortization of Prepaid Water Rights	3,694			3,694		3,694
28							
29	Total Operating Expenses	\$382,841		\$81,350	\$464,191	\$0	\$464,191
30							
31	Operating Income	\$51,079		(\$21,350)	\$29,729	\$7,880	\$37,609
32	Interest Expense	50,626	(4)	(22,898)	27,728		27,728
33	Other Income	711			711		711
34	Net Income	\$1,164		\$1,548	\$2,712	\$7,880	\$10,593

Vail Water Company / Phase 1 Increase
 Test Year Ended December 31, 1998
 Adjustment to Revenues and/or Expense

Exhibit
 Rejoinder Schedule C-2
 Page 1
 Witness: Kozoman

Line No.		Adjustment Number					Subtotal
		1	2	3	4	5	
1	Revenues	\$60,000					\$60,000
2							
3	Expenses		61,681	7,608			69,289
4							
5	Operating						
6	Income	60,000	(61,681)	(7,608)	0	12,060	2,771
7							
8	Interest						
9	Expense				(22,898)		(22,898)
10	Other						
11	Income						0
12							
13							
14	Net Income	\$60,000	(\$61,681)	(\$7,608)	\$22,898	\$12,060	\$25,669
15		CAP Hook-	CAP	Deprec-	Interest	Property	
16		up Fee	Expense	iation on	Expense	Taxes at	
17		Accounted	Accounted	Phase 1	on	Proposed	
18		for as	for as	Plant	Loans	Revenues	
19		Revenue	Expense	Additions			
20							
21							
22							
23							
24		6	7	8	9	10	Subtotal
25	Revenues						\$60,000
26							
27	Expenses						69,289
28							
29	Operating						
30	Income	0	0	0	0	0	2,771
31							
32	Interest						
33	Expense						(22,898)
34	Other						
35	Income						0
36							
37							
38	Net Income	\$0	\$0	\$0	\$0	\$0	\$25,669

Vail Water Company / Phase 1 Increase
Test Year Ended December 31, 1998
Adjustment to Revenues and/or Expense

Exhibit
Rejoinder Schedule C-2
Page 2
Witness: Kozoman

Line
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CAP Hook-up Fee Accounted for as Revenue:

ACC Staff Estimated Annual Customer Additions	60
ACC Staff Proposed Hook-up Fee	<u>\$1,000</u>
Estimated Revenue from Hook-up Fee (a)	<u>\$60,000</u>
Adjustment to Revenue and/or Expense	<u>\$60,000</u>

(a)
ACC Staff Proposes to Account for Hook-up Fee as a Deferred Credit
Company Proposes to Account for the Hook-up Fee as Revenue.

Vail Water Company / Phase 1 Increase
Test Year Ended December 31, 1998
Adjustment to Revenues and/or Expense

Exhibit
Rejoinder Schedule C-2
Page 3
Witness: Kozoman

Line
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CAP Expenses Accounted for as an Expense:

CAP Expenses	84,888
ACC Staff CAP Expenses (a)	<u>23,207</u>
Adjustment to CAP Expense	<u>61,681</u>
Adjustment to Revenues and/or Expenses	<u>61,681</u>

(a)
ACC Staff Proposes to Account for CAP Expense as an Offset against
Staff's proposed Deferred Credit Accounting Treatment for the
Hook-up Fee. Company proposes to Account for CAP Expense, as
an expense.

Vail Water Company / Phase 1 Increase
 Test Year Ended December 31, 1998
 Adjustment to Revenues and/or Expense

Exhibit
 Rejoinder Schedule C-2
 Page 4
 Witness: Kozoman

Depreciation Expense:

Line No.	Acct. No.	Plant Description	ACC Staff Plant	Rejoinder Adjustments Amount	Label	Adjusted Rejoinder Plant	Depr. Rate	Depr. Expense
1	303	Land and Land Rights	3,500			3,500	2.80%	1,742
2	304	Structures & Improvements	62,198			62,198	3.20%	4,974
3	307	Wells & Springs	155,446			155,446	3.60%	10,645
4	311	Electric Pumping Equipment	295,681	33,016	(a)	33,016	3.60%	1,189
5	320	Water Treatment Plant	118,072			118,072	2.00%	2,361
6	330	Distribution Reservoirs	1,492,057	319,506	(b)	1,811,563	2.00%	36,231
7	331	Trans. and Distribution Lines	15,376			15,376	3.30%	507
8	333	Services	105,774			105,774	3.60%	3,808
9	334	Water Meters	2,701			2,701	6.80%	184
10	339	Other Plant & Misc Equipment	4,039			4,039	6.80%	275
11	340	Office Furniture and Equipment	54,154			54,154	13.30%	7,202
12	341	Transportation Equipment	827			827	7.70%	64
13	343	Tools and Work Equipment	(149,395)			(149,395)	2.602%	(3,887)
14		1983 ACC Staff Adjustment	2,160,430	352,522		2,512,952		65,294
15		Totals						
16								
17		Depreciable Plant				2,658,847		
18		Depreciation Expense without 1983 ACC Staff Adjustment				69,181		
19		Composite Depreciation Rate				2,602%		
20		Less: Amortization of Contributions				(359,686)	2.602%	(9,359)
21		Gross Contributions in Aid:						
22		Depreciation Expense						55,935
23		ACC Staff Depreciation Expense						48,327
24		Adjustment to Depreciation Expense						7,608
25		Adjustment to Revenues and/or Expenses						7,608
26								
27								
28								
29								
30	(a)	Chlorination of Facility at Well No. 6. Please see Rejoinder Schedule B-2, Page 2.						
31	(b)	Water Plant No. 6, 12 inch main interconnect. Please see Rejoinder Schedule B-2, Page 2.						

Vail Water Company / Phase 1 Increase
 Test Year Ended December 31, 1998
 Adjustment to Revenues and/or Expense

Exhibit
 Rejoinder Schedule C-2
 Page 5
 Witness: Kozoman

Line
 No.

1 Interest On Shareowner Notes Payable:

2
 3
 4

Notes
 Payable

5 Total Short-Term Notes Payables
 6 to be converted to Long-Term Debt
 7 Shareowner Loans to Finance Plant
 8 (ACC Staff Capitalized Outside Services & Vehicle)
 9 Repayment Term:

\$58,340

10 Years

20

11 Months

240

12 Interest On Notes Payable:

13 Annual

10.2500%

14 Monthly

0.85417%

15 Annuity Factor for Payments

101.869988

16 Monthly Payments

572.69

17

18 Shareowner Notes Payable:

Balance

19 Month

Payment

Interest

Principal

\$58,340.00

20

1

\$572.69

\$498.32

\$74.37

58,265.63

21

2

572.69

497.69

75.01

58,190.62

22

3

572.69

497.04

75.65

58,114.98

23

4

572.69

496.40

76.29

58,038.69

24

5

572.69

495.75

76.94

57,961.74

25

6

572.69

495.09

77.60

57,884.14

26

7

572.69

494.43

78.26

57,805.88

27

8

572.69

493.76

78.93

57,726.95

28

9

572.69

493.08

79.61

57,647.34

29

10

572.69

492.40

80.29

57,567.05

30

11

572.69

491.72

80.97

57,486.08

31

12

572.69

491.03

81.66

57,404.42

32

Totals

6,872

5,937

936

Vail Water Company / Phase 1 Increase
 Test Year Ended December 31, 1998
 Adjustment to Revenues and/or Expense

Exhibit
 Rejoinder Schedule C-2
 Page 5a
 Witness: Kozoman

Line No.					
1	Interest on WIFA Loan:				WIFA
2					Loan
3	WIFA Financing				\$352,522
4	Repayment Term:				
5	Years				20
6	Months				240
7	Interest On Notes Payable:				
8	Annual, 75% of Existing Rate of		8.34%		6.2550%
9	Monthly Interest Rate				0.52125%
10	Annuity Factor for Payments				136.757811
11	Monthly Payments				2,577.71
12					
13	WIFA Notes Payable:				Balance
14					\$352,522
	<u>Month</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	
15	1	\$2,577.71	\$1,837.52	\$740.19	351,781.81
16	2	2,577.71	1,833.66	744.05	351,037.76
17	3	2,577.71	1,829.78	747.93	350,289.84
18	4	2,577.71	1,825.89	751.82	349,538.01
19	5	2,577.71	1,821.97	755.74	348,782.27
20	6	2,577.71	1,818.03	759.68	348,022.59
21	7	2,577.71	1,814.07	763.64	347,258.94
22	8	2,577.71	1,810.09	767.62	346,491.32
23	9	2,577.71	1,806.09	771.62	345,719.70
24	10	2,577.71	1,802.06	775.65	344,944.05
25	11	2,577.71	1,798.02	779.69	344,164.36
26	12	2,577.71	1,793.96	783.75	343,380.61
27	Totals	<u>\$30,932.52</u>	<u>\$21,791.13</u>	<u>\$9,141.39</u>	
28	Add WIFA Reserve Fund Payment				
29		<u>\$6,186.50</u>			
30	Total WIFA Payments				
31		<u>\$37,119.03</u>			
32					
33	Interest Expense on Shareowner Loan				5,937
34	Interest Expense on WIFA Loan				21,791
35	Total Company Proposed Interest Expense				27,728
36	ACC Staff Interest Expense on WIFA Loan				50,626
37	Adjustment to ACC Staff Interest Expense				<u>(\$22,898)</u>
38					
39	Adjustment to Revenues and/or Expenses				<u>(\$22,898)</u>
40					
41	Total Payments:				
42	WIFA Loan and Debt Reserve				\$37,119
43	Shareowner Loan				6,872
44	Total Annual Payments				<u>\$43,991</u>

Vail Water Company / Phase 1 Increase
 Test Year Ended December 31, 1998
 Adjustment to Revenues and/or Expense

Exhibit
 Rejoinder Schedule C-2
 Page 6
 Witness: Kozoman

Line No.		Tax at 65% of Proposed Revenue & Plant	Tax at 100% of Proposed Revenue & Plant
1	Property Taxes at Proposed Rates:		
2			
3			
4			
5			
6			
7	Revenues - Annualized - Proposed Rates	446,464	501,800
8	Two Times Revenue	892,928	1,003,601
9			
10	Gross Plant	2,512,952	2,512,952
11	Less: Accumulated Depreciation	500,987	500,987
12	Net Plant or Book Value	2,011,965	2,011,965
13			
14	Revenue / Net Plant = Utilization Factor	22.19%	24.94%
15			
16	Department of Revenue Factor for Plant	45%	45%
17	Two Times Revenue without sales tax	892,928	1,003,601
18	Net Plant Times Utilization Factor, (L11 x L15) plus materials & supplies of:	905,384	905,384
19	Correlated Value, assuming 50% of plant and 50% of revenue ((L16 + L17) / 2)	899,156	954,492
20	CWIP at 35%	0	0
21	Transportation Equipment Deduction	19,377	20,569
22	Full Cash Value (L18 + L19 + L20)	879,779	933,923
23	Times Assessment Ratio	25.00%	25.00%
24	Assessed Value (L21 x L22)	219,945	233,481
25	Property Tax Rate (From Schedule C-2, Page 4d, Line 7)	14.953%	14.953%
26	Subtotal of Computed Property Tax (L23 x L 24)	\$32,889	\$34,913
27	Number of Years Property Tax Expense will be in effect:	1	3
28	Subtotal Property Taxes over Next Four Years (L25 x L26)	\$32,889	\$104,738
29	Add Property Tax on Parcels	118	118
30	Average Property Taxes <u>Per Year</u> for the Next Four (4) Years	<u>\$33,007</u>	<u>\$104,856</u>
31	((L29 Col. 1 + L29 Col. 2) / 4)		\$34,466
32	Less: Maximum Margin of Error		(1,796)
33	Property Taxes at Proposed Rates in Company's Rebuttal Filing		\$32,669
34	Less: Adjusted Property Tax Expense in ACC Staff's Surrebuttal Filing		20,609
35	Increase (Decrease) in Property Taxes		<u>\$12,060</u>
36			
37	Adjustment to Revenues and/or Expenses		<u>\$12,060</u>

EXHIBIT
 RE JOINER SCHEDULE C.2
 PAGE 6a
 WITNESS: KOZOMAN

Vail Water Company / Phase 1 Increase
 Computation of Maximum Error from the Use
 of 50% of Revenues and 50% of Net Plant
 Test Year Ended December 31, 1998
 Using Company's Proposed Revenues and Net Plant

Line No.	1,003,601	Percentage of Revenue	905,384	Plant	Dollar amount of Revenue	Plant	Correl. Value	Remove Transport Equipment	Full Cash Value	Assessed Value	25.00% Property Tax Expense	14.9531% Property Tax Expense	(a) Tax with 50% of Plant & Revenue	Maximum Error in Property Tax	Maximum Error as A Percentage of Property Tax
1	100%	0%	1,003,601	0	1,003,601	0	1,003,601	(21,628)	981,973	245,493	36,827	36,827	35,031	(1,796)	-0.26%
2	99%	1%	993,565	9,054	1,002,618	9,054	1,002,618	(21,606)	981,012	245,253	36,791	36,791	35,031	(1,760)	-0.26%
3	98%	2%	983,529	18,108	1,001,636	18,108	1,001,636	(21,585)	980,051	245,013	36,755	36,755	35,031	(1,724)	-0.25%
4	97%	3%	973,493	27,162	1,000,654	27,162	1,000,654	(21,564)	979,090	244,772	36,719	36,719	35,031	(1,688)	-0.25%
5	96%	4%	963,457	36,215	999,672	36,215	999,672	(21,543)	978,129	244,532	36,683	36,683	35,031	(1,653)	-0.24%
6	95%	5%	953,421	45,269	998,690	45,269	998,690	(21,522)	977,168	244,292	36,647	36,647	35,031	(1,617)	-0.24%
7	94%	6%	943,385	54,323	997,708	54,323	997,708	(21,501)	976,207	244,052	36,611	36,611	35,031	(1,581)	-0.23%
8	93%	7%	933,349	63,377	996,725	63,377	996,725	(21,479)	975,246	243,812	36,576	36,576	35,031	(1,545)	-0.22%
9	92%	8%	923,313	72,431	995,743	72,431	995,743	(21,458)	974,285	243,571	36,540	36,540	35,031	(1,509)	-0.22%
10	91%	9%	913,276	81,485	994,761	81,485	994,761	(21,437)	973,324	243,331	36,504	36,504	35,031	(1,473)	-0.21%
11	90%	10%	903,240	90,538	993,779	90,538	993,779	(21,416)	972,363	243,091	36,468	36,468	35,031	(1,437)	-0.21%
12	89%	11%	893,204	99,592	992,797	99,592	992,797	(21,395)	971,402	242,851	36,432	36,432	35,031	(1,401)	-0.20%
13	88%	12%	883,168	108,646	991,815	108,646	991,815	(21,374)	970,441	242,610	36,396	36,396	35,031	(1,365)	-0.20%
14	87%	13%	873,132	117,700	990,832	117,700	990,832	(21,352)	969,480	242,370	36,360	36,360	35,031	(1,329)	-0.19%
15	86%	14%	863,096	126,754	989,850	126,754	989,850	(21,331)	968,519	242,130	36,324	36,324	35,031	(1,293)	-0.19%
16	85%	15%	853,060	135,808	988,868	135,808	988,868	(21,310)	967,558	241,890	36,288	36,288	35,031	(1,257)	-0.18%
17	84%	16%	843,024	144,861	987,886	144,861	987,886	(21,289)	966,597	241,649	36,252	36,252	35,031	(1,221)	-0.18%
18	83%	17%	832,988	153,915	986,904	153,915	986,904	(21,268)	965,636	241,409	36,216	36,216	35,031	(1,186)	-0.17%
19	82%	18%	822,952	162,969	985,922	162,969	985,922	(21,247)	964,675	241,169	36,180	36,180	35,031	(1,150)	-0.17%
20	81%	19%	812,916	172,023	984,939	172,023	984,939	(21,225)	963,714	240,929	36,144	36,144	35,031	(1,114)	-0.16%
21	80%	20%	802,880	181,077	983,957	181,077	983,957	(21,204)	962,753	240,688	36,109	36,109	35,031	(1,078)	-0.16%
22	79%	21%	792,844	190,131	982,975	190,131	982,975	(21,183)	961,792	240,448	36,073	36,073	35,031	(1,042)	-0.15%
23	78%	22%	782,808	199,184	981,993	199,184	981,993	(21,162)	960,831	240,208	36,037	36,037	35,031	(1,006)	-0.15%
24	77%	23%	772,772	208,238	981,011	208,238	981,011	(21,141)	959,870	239,968	36,001	36,001	35,031	(970)	-0.14%
25	76%	24%	762,736	217,292	980,029	217,292	980,029	(21,120)	958,909	239,727	35,965	35,965	35,031	(934)	-0.14%
26	75%	25%	752,700	226,346	979,046	226,346	979,046	(21,098)	957,948	239,487	35,929	35,929	35,031	(898)	-0.13%
27	74%	26%	742,664	235,400	978,064	235,400	978,064	(21,077)	956,987	239,247	35,893	35,893	35,031	(862)	-0.13%
28	73%	27%	732,628	244,454	977,082	244,454	977,082	(21,056)	956,026	239,007	35,857	35,857	35,031	(826)	-0.12%
29	72%	28%	722,592	253,508	976,100	253,508	976,100	(21,035)	955,065	238,766	35,821	35,821	35,031	(790)	-0.11%
30	71%	29%	712,556	262,562	975,118	262,562	975,118	(21,014)	954,104	238,526	35,785	35,785	35,031	(754)	-0.11%
31	70%	30%	702,520	271,615	974,136	271,615	974,136	(20,993)	953,143	238,286	35,749	35,749	35,031	(718)	-0.10%
32	69%	31%	692,484	280,669	973,153	280,669	973,153	(20,971)	952,182	238,046	35,713	35,713	35,031	(683)	-0.10%
33	68%	32%	682,448	289,723	972,171	289,723	972,171	(20,950)	951,221	237,806	35,677	35,677	35,031	(647)	-0.09%
34	67%	33%	672,412	298,777	971,189	298,777	971,189	(20,929)	950,260	237,565	35,642	35,642	35,031	(611)	-0.09%
35	66%	34%	662,376	307,831	970,207	307,831	970,207	(20,908)	949,299	237,325	35,606	35,606	35,031	(575)	-0.08%

Includes \$118.24 tax on Parcels

Vail Water Company / Phase 1 Increase
Computation of Maximum Error from the Use
of 50% of Revenues and 50% of Net Plant
Test Year Ended December 31, 1998
Using Company's Proposed Revenues and Net Plant

Line No.	1,003,601	905,384	Percentage of Revenue	Dollar amount of Plant Revenue	Correlated Value	Remove Transport Equipment	Full Cash Value	Assessed Value	25.00% Property Tax Expense	(a) 16.9531% Property Tax Expense	Property Tax with 50% of Plant & Revenue	Maximum Error in Property Tax	Maximum Error as A Percentage of Revenues	Maximum Error as A Percentage of Property Tax
1	65%	35%	35%	652,340	969,225	(20,887)	948,338	237,095	35,570	35,031	(539)	0.08%	1.54%	
2	64%	36%	36%	642,304	968,243	(20,866)	947,377	236,844	35,534	35,031	(503)	0.07%	1.44%	
3	63%	37%	37%	632,268	967,257	(20,844)	946,416	236,604	35,498	35,031	(467)	0.07%	1.33%	
4	62%	38%	38%	622,232	966,278	(20,823)	945,455	236,364	35,462	35,031	(431)	0.06%	1.23%	
5	61%	39%	39%	612,196	965,295	(20,802)	944,494	236,124	35,426	35,031	(395)	0.06%	1.13%	
6	60%	40%	40%	602,160	964,314	(20,781)	943,533	235,883	35,390	35,031	(359)	0.05%	1.03%	
7	59%	41%	41%	592,124	963,332	(20,760)	942,572	235,643	35,354	35,031	(323)	0.05%	0.92%	
8	58%	42%	42%	582,088	962,350	(20,739)	941,611	235,403	35,318	35,031	(287)	0.04%	0.82%	
9	57%	43%	43%	572,052	961,367	(20,717)	940,650	235,163	35,282	35,031	(251)	0.04%	0.72%	
10	56%	44%	44%	562,016	960,385	(20,696)	939,689	234,922	35,246	35,031	(216)	0.03%	0.62%	
11	55%	45%	45%	551,980	959,403	(20,675)	938,728	234,682	35,210	35,031	(180)	0.03%	0.51%	
12	54%	46%	46%	541,944	958,421	(20,654)	937,767	234,442	35,175	35,031	(144)	0.02%	0.41%	
13	53%	47%	47%	531,908	957,439	(20,633)	936,806	234,202	35,139	35,031	(108)	0.02%	0.31%	
14	52%	48%	48%	521,872	956,457	(20,612)	935,845	233,961	35,103	35,031	(72)	0.01%	0.21%	
15	51%	49%	49%	511,836	955,474	(20,590)	934,884	233,721	35,067	35,031	(36)	0.00%	0.10%	
16	50%	50%	50%	501,800	954,492	(20,569)	933,923	233,481	35,031	35,031	0	0.00%	0.00%	
17	49%	51%	51%	491,764	953,510	(20,548)	932,962	233,241	34,995	35,031	36	0.01%	0.10%	
18	48%	52%	52%	481,728	952,528	(20,527)	932,001	233,000	34,959	35,031	72	0.01%	0.21%	
19	47%	53%	53%	471,692	951,546	(20,506)	931,040	232,760	34,923	35,031	108	0.02%	0.31%	
20	46%	54%	54%	461,656	950,564	(20,485)	930,079	232,520	34,887	35,031	144	0.02%	0.41%	
21	45%	55%	55%	451,620	949,581	(20,463)	929,118	232,280	34,851	35,031	180	0.03%	0.51%	
22	44%	56%	56%	441,584	948,599	(20,442)	928,157	232,039	34,815	35,031	216	0.03%	0.62%	
23	43%	57%	57%	431,548	947,617	(20,421)	927,196	231,799	34,779	35,031	251	0.04%	0.72%	
24	42%	58%	58%	421,512	946,635	(20,400)	926,235	231,559	34,743	35,031	287	0.04%	0.82%	
25	41%	59%	59%	411,476	945,653	(20,379)	925,274	231,319	34,707	35,031	323	0.05%	0.92%	
26	40%	60%	60%	401,440	944,671	(20,358)	924,313	231,078	34,672	35,031	359	0.05%	1.03%	
27	39%	61%	61%	391,404	943,689	(20,336)	923,352	230,838	34,636	35,031	395	0.06%	1.13%	
28	38%	62%	62%	381,368	942,706	(20,315)	922,391	230,598	34,600	35,031	431	0.06%	1.23%	
29	37%	63%	63%	371,332	941,724	(20,294)	921,430	230,358	34,564	35,031	467	0.07%	1.33%	
26	36%	64%	64%	361,296	940,742	(20,273)	920,469	230,117	34,528	35,031	503	0.07%	1.44%	
27	35%	65%	65%	351,260	939,760	(20,252)	919,508	229,877	34,492	35,031	539	0.08%	1.54%	
28	34%	66%	66%	341,224	938,778	(20,231)	918,547	229,637	34,456	35,031	575	0.08%	1.64%	

\$118,24 tax on Parcels
Includes (a)

EXHIBIT
 REJONDER SCHLANT 1 2
 PAGE 62
 WITNESS KOTZMAN

Vail Water Company / Phase 1 Increase
 Computation of Maximum Error from the Use
 of 50% of Revenues and 50% of Net Plant
 Test Year Ended December 31, 1998
 Using Company's Proposed Revenues and Net Plant

Line No.	1,003,601	Percentage of Plant Revenue	905,384	Dollar amount of Plant Revenue	Corrected Value	Net Plant Equipment	Full Cash Value	25.00% Assessed Value	14.9531% Property Tax Expense	Property Tax with 50% of Plant Revenue	Maximum Error in Property Tax	Maximum Error as a Percentage of Property Tax
1		33%		331,188	937,796	(20,209)	917,586	229,597	34,420	35,031	611	0.09%
2		32%		321,152	936,813	(20,188)	916,625	229,156	34,384	35,031	647	0.09%
3		31%		311,116	935,831	(20,167)	915,664	228,916	34,348	35,031	683	0.10%
4		30%		301,080	934,849	(20,146)	914,703	228,676	34,312	35,031	719	0.05%
5		29%		291,044	933,867	(20,125)	913,742	228,436	34,276	35,031	754	0.11%
6		28%		281,008	932,885	(20,104)	912,781	228,195	34,240	35,031	790	0.11%
7		27%		270,972	931,903	(20,082)	911,820	227,955	34,205	35,031	826	0.12%
8		26%		260,936	930,920	(20,061)	910,859	227,715	34,169	35,031	862	0.13%
9		25%		250,900	929,938	(20,040)	909,898	227,475	34,133	35,031	898	0.13%
10		24%		240,864	928,956	(20,019)	908,937	227,234	34,097	35,031	934	0.14%
11		23%		230,828	927,974	(19,998)	907,976	226,994	34,061	35,031	970	0.14%
12		22%		220,792	926,992	(19,977)	907,015	226,754	34,025	35,031	1,006	0.15%
13		21%		210,756	926,010	(19,955)	906,054	226,514	33,989	35,031	1,042	0.15%
14		20%		200,720	925,027	(19,934)	905,093	226,273	33,953	35,031	1,078	0.16%
15		19%		190,684	924,045	(19,913)	904,132	226,033	33,917	35,031	1,114	0.16%
16		18%		180,648	923,063	(19,892)	903,171	225,793	33,881	35,031	1,150	0.17%
17		17%		170,612	922,081	(19,871)	902,210	225,553	33,845	35,031	1,186	0.17%
18		16%		160,576	921,099	(19,850)	901,249	225,312	33,809	35,031	1,221	0.18%
19		15%		150,540	920,117	(19,828)	900,288	225,072	33,773	35,031	1,257	0.18%
20		14%		140,504	919,134	(19,807)	899,327	224,832	33,738	35,031	1,293	0.19%
21		13%		130,468	918,152	(19,786)	898,366	224,592	33,702	35,031	1,329	0.19%
22		12%		120,432	917,170	(19,765)	897,405	224,351	33,666	35,031	1,365	0.20%
23		11%		110,396	916,188	(19,744)	896,444	224,111	33,630	35,031	1,401	0.20%
24		10%		100,360	915,206	(19,723)	895,483	223,871	33,594	35,031	1,437	0.21%
25		9%		90,324	914,224	(19,701)	894,522	223,631	33,558	35,031	1,473	0.21%
26		8%		80,288	913,241	(19,680)	893,561	223,390	33,522	35,031	1,509	0.22%
27		7%		70,252	912,259	(19,659)	892,600	223,150	33,486	35,031	1,545	0.22%
28		6%		60,216	911,277	(19,638)	891,639	222,910	33,450	35,031	1,581	0.23%
29		5%		50,180	910,295	(19,617)	890,678	222,670	33,414	35,031	1,617	0.24%
26		4%		40,144	909,313	(19,596)	889,717	222,429	33,378	35,031	1,653	0.24%
27		3%		30,108	908,331	(19,574)	888,756	222,189	33,342	35,031	1,688	0.25%
28		2%		20,072	907,348	(19,553)	887,795	221,949	33,306	35,031	1,724	0.25%
29		1%		10,036	906,366	(19,532)	886,834	221,709	33,270	35,031	1,760	0.26%
30		0%		(0)	905,384	(19,511)	885,873	221,468	33,235	35,031	1,796	0.26%

(a) Includes \$118.24 tax on Parcels

Vail Water Company / Phase 1 Increase
 Test Year Ended December 31, 1998
 Interest Coverage and Debt Service Computations:
 with Proposed Phase 1 Debt at Proposed Rates

Exhibit
 Rejoinder Schedule D-4-S
 Page 1
 Witness: Kozoman

Line No.	Description	All Debt Interest Coverage	WIFA Debt Only	All Debt Service	WIFA Debt Service Only	Cash Flow All Debt	Cash Flow WIFA Debt Only
1	Available for Interest Coverage:						
2	Operating Income (Sch. C-1, Line 29)	\$37,609	\$37,609				
3	Add: Other Income (Sch. C-1, Line 33)	711	711				
4	Total Available for Interest Coverage	\$38,320	\$38,320				
5	Interest Expense (Sch. C-1, Line 32)	27,728	21,791				
6	Interest Coverage (Line 4 / Line 5)	1.38	1.76				
7							
8							
9	Available for Debt Service:						
10	Operating Income & Other Income (Line 4 above)	\$37,609	\$37,609	\$37,609	\$37,609	\$37,609	\$37,609
11	Add:						
12	Amortization of Prepaid Water Rights (Sch. C-1, Line 27)	3,694	3,694	3,694	3,694	3,694	3,694
12	Depreciation Expense (Sch. C-1, Line 26)	55,935	55,935	55,935	55,935	55,935	55,935
13	Available for Debt Service (Lines 10 + 11 + 12 + 13)	\$97,239	\$97,239	\$97,239	\$97,239	\$97,239	\$97,239
14							
15	Debt Service (Interest and Principal Payments from Sch. C-2, Page 5)	43,991	37,119	37,119	37,119	(43,991)	(37,119)
16	Meter and Service Line Refunds					(3,790)	(3,790)
17	Repayment of Advances in Aid of Construction:						
18	1998 Refunds (based on 1997 revenues) increased in ratio of	\$16,883					
19	Proposed Rates / 1997 Revenues =	2.11077811					
20	Ratio of Revenues (listed below) =	\$35,636					
21	Advance Refunds at Proposed Rates					(35,636)	(35,636)
22							
23	Total Debt Service (Lines 16 + 17 + 22)	43,991	37,119	37,119	37,119	(43,991)	(37,119)
24	Total Cash Outflows					(3,790)	(3,790)
25	Debt Service Coverage (Line 14 / Line 24)	2.21	2.62				
26	Net Cash Flow (Line 13 - Line 24)					\$13,821	\$20,694
27	Net Cash Flow as a Percent of Proposed Revenues (Line 26 divided by Line 30)					3.152%	4.720%
28	Ratio of Proposed Revenues to 1997 Revenues:						
29	Proposed Revenues without CAP Hookup Tariff Revenues	\$438,452					
30	and Miscellaneous Revenues						
31	Divided by						
32	1997 Revenues without Misc. Revenues	\$207,724					

2.110778112

10000-1-0000

Vail Water Company / Phase 1 Increase
 Test Year Ended December 31, 1998
 Summary of Revenues by Meter Size at
 Present and Proposed Rates

Exhibit
 Rejoinder Schedule H-1
 Page 1
 Witness: Kozorman

Line No.	Meter Size	Adjusted Present Revenues	Rejoinder Phase 1 Proposed Revenues	Dollar Change	Percent Change
1	5/8 x 3/4 Inch Meter	\$311,752	\$372,565	\$60,812	19.51%
2	1 inch	2,971	4,638	1,668	56.14%
3	2 inch Meter	1,700	3,184	1,484	87.34%
4	6 inch Meter	3,390	12,033	8,643	254.96%
5	Standpipe	0	0	0	0.00%
6	Subtotal Water Revenues	319,812	392,419	72,607	22.70%
7	Proforma Adjustment / Customer Growth				
8	5/8 x 3/4 inch meters	23,344	27,991	4,647	19.91%
9	Miscellaneous Revenues	3,341	3,341	0	
10	Subtotal of Revenues	346,497	423,751	77,254	22.30%
11					
12	ACC Staff Assumed Additional Customers at May 1, 2000				
13	For WIFA Surcharge at \$8.45 Per Customer Per Month:				
14	178		18,049	18,049	
15	For CAP Hookup Tariff - Estimated Annual Customer Increase				
16	60		60,000	60,000	
17					
18					
19	Total Water Revenues	\$346,497	\$501,800	\$155,304	44.82%
20	Water Revenues from Existing Customers	\$346,497	\$423,751	\$77,254	22.30%
21					
22	ACC Staff Assumed Customers at May 1, 2000		772		
23	Actual Customers at End of Test Year		594		
24	ACC Staff Assumed Additional Customers by May 1, 2000		178	x	8.45 =

\$18,049

1000-1000-1000

Vail Water Company / Phase 1 Increase
 Test Year Ended December 31, 1998
 Analysis of Revenue by Detailed Class

Exhibit
 Rejoinder Schedule H 2
 Page 1
 Witness: Kozoman

Line No.	Customers Classification and/or Meter Size	Average Number of Customers as of 12/31/98	Average Consumption	Revenues		Proposed Increase	
				Present Rates	Proposed Rates	Dollar Amount	Percent
1	5/8 x 3/4 Inch Meter	588		\$311,752	\$372,565	\$60,812	19.51%
2							
3	1 Inch	4		\$2,971	\$4,638	\$1,668	56.14%
4							
5	2 Inch Meter	1		\$1,700	\$3,184	\$1,484	87.34%
6							
7	6 Inch Meter	1		\$3,390	\$12,033	\$8,643	254.96%
8	Totals	594		\$319,812	\$392,419	\$72,607	22.70%
9							
10							
11							
12							
13	5/8 x 3/4 Inch Meter	588	7,940	\$44.18	\$52.79	\$8.62	19.51%
14							
15	1 Inch	4	11,787	\$63.20	\$98.68	\$35.48	56.14%
16							
17	2 Inch Meter	1	25,500	\$141.63	\$265.32	\$123.69	87.34%
18							
19	6 Inch Meter	1	667	\$282.50	\$1,002.75	\$720.25	254.96%
20		594					

Vail Water Company / Phase 1 Increase
 Changes in Representative Rate Schedules
 Test Year Ended December 31, 1998

Exhibit
 Rejoinder Schedule H-3
 Page 1
 Witness: Kozoman

Line No.	Customer Classification and Meter Size	Present Rates	Rejoinder Phase 1 Proposed Rates	Percent Change
1	Monthly Usage Charge for:			
2	Residential, Commercial, Industrial, Construction, Agricultural, Standpipe			
3	5/8 x 3/4 Inch	\$14.40	\$20.00	38.89%
4	3 / 4 Inch	\$14.40	\$30.00	108.33%
5	1 inch	\$19.00	\$50.00	163.16%
6	1 1/2 Inch	\$25.00	\$100.00	300.00%
7	2 Inch	\$46.00	\$160.00	247.83%
8	3 Inch	\$67.50	\$320.00	374.07%
9	4 Inch	\$100.00	\$500.00	400.00%
10	6 Inch	\$280.00	\$1,000.00	257.14%
11	Sprinkler Rate		(a)	
12				
13	Base Charge for 5/8" Meter is	\$11.55	plus \$8.45	For
14	WIFA Surcharge			
15	(a) Higher of \$7.00 per month or 2.00% of monthly minimum.			
16				
17				
18	Gallons included in Monthly Usage Charge			
19	5/8 x 3/4 Inch Meters	0	0	0.00%
20	3/4 Inch Meters	0	0	0.00%
21	1 Inch	0	0	0.00%
22	1.1/2 Inch	0	0	0.00%
23	2 Inch	0	0	0.00%
24	3 Inch	0	0	0.00%
25	4 Inch	0	0	0.00%
26	6 Inch	0	0	0.00%
27				
28				
29	Commodity Rates:			
30	All Customers			
31	Charge per 1,000 Gallons in excess of gallons included in Monthly			
32	Usage Charge	\$3.75	\$4.130	10.13%
33				
34				
35				
36	Service Line and Meter Installation Charges:			
37		Present Rates	Proposed Rates (a)	
38	Meter Size			
39	5/8 x 3/4 Inch	\$400.00	\$400.00	
40	3 / 4 Inch	\$440.00	\$440.00	
41	1 Inch	\$500.00	\$500.00	
42	1 1/2 Inch	\$675.00	\$675.00	
43	2 Inch - Compound	\$1,660.00	\$1,660.00	
44	3 Inch - Compound	\$2,150.00	\$2,150.00	
45	4 Inch - Compound	\$3,135.00	\$3,135.00	
46	6 Inch - Compound	\$6,190.00	\$6,190.00	
47				
48	Main extension tariff	Cost	Cost	
49				
50	N/A	Ndt Applicable, No Current Tariff		

Vail Water Company / Phase 1 Increase
Changes in Representative Rate Schedules
Test Year Ended December 31, 1998

Exhibit
 Rejoinder Schedule H-3
 Page 2
 Witness: Kozorman

Line No.	Other Service Charges	Present Rates	Proposed Rates
1	Establishment	\$25.00	\$25.00
2	Establishment (After Hours)	\$50.00	\$50.00
3	Reconnection (Delinquent)	\$30.00	\$30.00
4	Reconnection (Delinquent and After Hours)	\$35.00	\$35.00
5	Meter Test	\$30.00	\$30.00
6	Min Deposit Requirement (Residential)	(a)	(a)
7	Min Deposit Requirement (Non-Residential)	(a)	(a)
8	Deposit Interest	6%	6%
9	Call Out, for customer out of water caused		
10	malfunction on customer side of meter		
11	(Company will not repair)		
12	Re-Establishment (Within 12 Months)	(b)	(b)
13	Re-Establishment (After Hours)	(b)	(b)
14	NSF Check	\$25.00	\$25.00
15	Deferred Payment, Per Month	1.5%	1.5%
16	Meter Re-Read	\$15.00	\$15.00
17	Charge of Moving Customer Meter		
18	Customer Requested	Cost	Cost
19	Late Charge per month	1.5%	1.5%
20			
21	Transfer Fee	\$25.00	\$25.00
22			
23	** PER COMMISSION RULES (R14-2-403.B)		
24	(a) <u>Residential</u> - two times the average bill; <u>Non-residential</u> - two and one-half times the average bill		
25	(b) Minimum charge times number of full months disconnected. If after hours, plus \$25		
26			
27	IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM		
28	ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE		
29	TAX PER COMMISSION RULE (14-2-409.D 5).		
30	ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS,		
31	AND ALL APPLICABLE TAXES, INCLUDING ALL GROSS-UP TAXES FOR INCOME TAXES.		
32	Cost to include labor, materials and parts, overheads and all applicable taxes.		
33			
34	N/A	Not Applicable, No Current Tariff	
35			

Vail Water Company / Phase 1 Increase
BILL COMPARISON - PRESENT AND PROPOSED RATES
 Customers on 5/8 x 3/4 Inch Meters
 Test Year Ended December 31, 1998

Exhibit
 Rejoinder Schedule H 4
 Page 1
 Witness: Kozoman

GALLONS BILLED	PRESENT BILL	REJOINER PHASE 1		DOLLAR INCREASE	PERCENT INCREASE
		PROPOSED BILL			
0	\$14.40	\$20.00		\$5.60	38.89%
1,000	18.15	24.13		5.98	32.95%
2,000	21.90	28.26		6.36	29.04%
3,000	25.65	32.39		6.74	26.28%
4,000	29.40	36.52		7.12	24.22%
5,000	33.15	40.65		7.50	22.62%
6,000	36.90	44.78		7.88	21.36%
7,000	40.65	48.91		8.26	20.32%
8,000	44.40	53.04		8.64	19.46%
9,000	48.15	57.17		9.02	18.73%
10,000	51.90	61.30		9.40	18.11%
11,000	55.65	65.43		9.78	17.57%
12,000	59.40	69.56		10.16	17.10%
13,000	63.15	73.69		10.54	16.69%
14,000	66.90	77.82		10.92	16.32%
15,000	70.65	81.95		11.30	15.99%
16,000	74.40	86.08		11.68	15.70%
17,000	78.15	90.21		12.06	15.43%
18,000	81.90	94.34		12.44	15.19%
19,000	85.65	98.47		12.82	14.97%
20,000	89.40	102.60		13.20	14.77%
21,000	93.15	106.73		13.58	14.58%
22,000	96.90	110.86		13.96	14.41%
23,000	100.65	114.99		14.34	14.25%
24,000	104.40	119.12		14.72	14.10%
25,000	108.15	123.25		15.10	13.96%
26,000	111.90	127.38		15.48	13.83%
27,000	115.65	131.51		15.86	13.71%
28,000	119.40	135.64		16.24	13.60%
29,000	123.15	139.77		16.62	13.50%
30,000	126.90	143.90		17.00	13.40%
31,000	130.65	148.03		17.38	13.30%
32,000	134.40	152.16		17.76	13.21%
33,000	138.15	156.29		18.14	13.13%
34,000	141.90	160.42		18.52	13.05%
35,000	145.65	164.55		18.90	12.98%
36,000	149.40	168.68		19.28	12.90%
37,000	153.15	172.81		19.66	12.84%
38,000	156.90	176.94		20.04	12.77%
39,000	160.65	181.07		20.42	12.71%
40,000	164.40	185.20		20.80	12.65%
41,000	168.15	189.33		21.18	12.60%
42,000	171.90	193.46		21.56	12.54%
43,000	175.65	197.59		21.94	12.49%
44,000	179.40	201.72		22.32	12.44%
45,000	183.15	205.85		22.70	12.39%
46,000	186.90	209.98		23.08	12.35%
47,000	190.65	214.11		23.46	12.31%
48,000	194.40	218.24		23.84	12.26%
Median Usage					
6,000	36.90	44.78		7.88	21.36%
Average Usage					
7,940	44.18	52.79		8.62	19.51%

PRESENT RATES:

MONTHLY MINIMUM	\$14.40
GALLONS IN MINIMUM	0
CHARGE PER 1,000 GALLONS	\$3.75

PROPOSED RATES:

MONTHLY MINIMUM	\$20.00
GALLONS IN MINIMUM	0
CHARGE PER 1,000 GALLONS	\$4.13

Vail Water Company / Phase 1 Increase
BILL COMPARISON - PRESENT AND PROPOSED RATES
 Customers on 1 Inch Meters
 Test Year Ended December 31, 1998

Exhibit
 Rejoinder Schedule H-4
 Page 2
 Witness: Kozoman

GALLONS BILLED	PRESENT BILL	REJOINDER	DOLLAR INCREASE	PERCENT INCREASE
		PHASE I PROPOSED BILL		
0	\$19.00	50.00	\$31.00	163.16%
1,000	22.75	54.13	31.38	137.93%
2,000	26.50	58.26	31.76	119.85%
3,000	30.25	62.39	32.14	106.25%
4,000	34.00	66.52	32.52	95.65%
5,000	37.75	70.65	32.90	87.15%
6,000	41.50	74.78	33.28	80.19%
7,000	45.25	78.91	33.66	74.39%
8,000	49.00	83.04	34.04	69.47%
9,000	52.75	87.17	34.42	65.25%
10,000	56.50	91.30	34.80	61.59%
11,000	60.25	95.43	35.18	58.39%
12,000	64.00	99.56	35.56	55.56%
13,000	67.75	103.69	35.94	53.05%
14,000	71.50	107.82	36.32	50.80%
15,000	75.25	111.95	36.70	48.77%
16,000	79.00	116.08	37.08	46.94%
17,000	82.75	120.21	37.46	45.27%
18,000	86.50	124.34	37.84	43.75%
19,000	90.25	128.47	38.22	42.35%
20,000	94.00	132.60	38.60	41.06%
21,000	97.75	136.73	38.98	39.88%
22,000	101.50	140.86	39.36	38.78%
23,000	105.25	144.99	39.74	37.76%
24,000	109.00	149.12	40.12	36.81%
25,000	112.75	153.25	40.50	35.92%
26,000	116.50	157.38	40.88	35.09%
Median Usage 11,000	60.25	95.43	35.18	58.39%
Average Usage 11,787	63.20	98.68	35.48	56.14%

PRESENT RATES:

MONTHLY MINIMUM	\$19.00
GALLONS IN MINIMUM	0
CHARGE PER 1,000 GALLONS	\$3.75

PROPOSED RATES:

MONTHLY MINIMUM	\$50.00
GALLONS IN MINIMUM	0
CHARGE PER 1,000 GALLONS	\$4.13

Vail Water Company / Phase 1 Increase
BILL COMPARISON - PRESENT AND PROPOSED RATES
 Customers on 2 Inch Meters
 Bill Count 2 Inch Meter

Exhibit
 Rejoinder Schedule F-4
 Page 3
 Witness: Kozoman

GALLONS BILLED	REJOINDER PHASE I		DOLLAR INCREASE	PERCENT INCREASE
	PRESENT BILL	PROPOSED BILL		
0	\$46.00	\$160.00	\$114.00	247.83%
1,000	49.75	164.13	114.38	229.91%
2,000	53.50	168.26	114.76	214.50%
3,000	57.25	172.39	115.14	201.12%
4,000	61.00	176.52	115.52	189.38%
5,000	64.75	180.65	115.90	179.00%
6,000	68.50	184.78	116.28	169.75%
7,000	72.25	188.91	116.66	161.47%
8,000	76.00	193.04	117.04	154.00%
9,000	79.75	197.17	117.42	147.24%
10,000	83.50	201.30	117.80	141.08%
11,000	87.25	205.43	118.18	135.45%
12,000	91.00	209.56	118.56	130.29%
13,000	94.75	213.69	118.94	125.53%
14,000	98.50	217.82	119.32	121.14%
15,000	102.25	221.95	119.70	117.07%
16,000	106.00	226.08	120.08	113.28%
17,000	109.75	230.21	120.46	109.76%
18,000	113.50	234.34	120.84	106.47%
19,000	117.25	238.47	121.22	103.39%
20,000	121.00	242.60	121.60	100.50%
21,000	124.75	246.73	121.98	97.78%
22,000	128.50	250.86	122.36	95.22%
23,000	132.25	254.99	122.74	92.81%
24,000	136.00	259.12	123.12	90.53%
25,000	139.75	263.25	123.50	88.37%
26,000	143.50	267.38	123.88	86.33%
27,000	147.25	271.51	124.26	84.39%
28,000	151.00	275.64	124.64	82.54%
29,000	154.75	279.77	125.02	80.79%
30,000	158.50	283.90	125.40	79.12%
31,000	162.25	288.03	125.78	77.52%
32,000	166.00	292.16	126.16	76.00%
33,000	169.75	296.29	126.54	74.54%
34,000	173.50	300.42	126.92	73.15%
35,000	177.25	304.55	127.30	71.82%
36,000	181.00	308.68	127.68	70.54%
37,000	184.75	312.81	128.06	69.32%
38,000	188.50	316.94	128.44	68.14%
39,000	192.25	321.07	128.82	67.01%
40,000	196.00	325.20	129.20	65.92%
41,000	199.75	329.33	129.58	64.87%
42,000	203.50	333.46	129.96	63.86%
43,000	207.25	337.59	130.34	62.89%
Median Usage				
27,500	149.13	273.58	124.45	83.45%
Average Usage				
25,500	141.63	265.32	123.69	87.34%

PRESENT RATES:

MONTHLY MINIMUM	\$46.00
GALLONS IN MINIMUM	0
CHARGE PER 1,000 GALLONS	\$3.75

PROPOSED RATES:

MONTHLY MINIMUM	\$160.00
GALLONS IN MINIMUM	0
CHARGE PER 1,000 GALLONS	\$4.13

Vail Water Company / Phase 1 Increase
BILL COMPARISON - PRESENT AND PROPOSED RATES
 Customers on 6 Inch Meters
 Test Year Ended December 31, 1998

Exhibit
 Rejoinder Schedule H-4
 Page 4
 Witness: Kozoman

GALLONS BILLED	PRESENT BILL	PROPOSED BILL	REJOINDER PHASE 1	
			DOLLAR INCREASE	PERCENT INCREASE
0	\$280.00	\$1,000.00	\$720.00	257.14%
1,000	283.75	1,004.13	720.38	253.88%
2,000	287.50	1,008.26	720.76	250.70%
3,000	291.25	1,012.39	721.14	247.60%
4,000	295.00	1,016.52	721.52	244.58%
5,000	298.75	1,020.65	721.90	241.64%
6,000	302.50	1,024.78	722.28	238.77%
7,000	306.25	1,028.91	722.66	235.97%
8,000	310.00	1,033.04	723.04	233.24%
9,000	313.75	1,037.17	723.42	230.57%
10,000	317.50	1,041.30	723.80	227.97%
11,000	321.25	1,045.43	724.18	225.43%
12,000	325.00	1,049.56	724.56	222.94%
13,000	328.75	1,053.69	724.94	220.51%
14,000	332.50	1,057.82	725.32	218.14%
15,000	336.25	1,061.95	725.70	215.82%
16,000	340.00	1,066.08	726.08	213.55%
17,000	343.75	1,070.21	726.46	211.33%
18,000	347.50	1,074.34	726.84	209.16%
19,000	351.25	1,078.47	727.22	207.04%
20,000	355.00	1,082.60	727.60	204.96%
21,000	358.75	1,086.73	727.98	202.92%
22,000	362.50	1,090.86	728.36	200.93%
23,000	366.25	1,094.99	728.74	198.97%
24,000	370.00	1,099.12	729.12	197.06%
25,000	373.75	1,103.25	729.50	195.18%
26,000	377.50	1,107.38	729.88	193.35%
27,000	381.25	1,111.51	730.26	191.54%
28,000	385.00	1,115.64	730.64	189.78%
29,000	388.75	1,119.77	731.02	188.04%
30,000	392.50	1,123.90	731.40	186.34%
31,000	396.25	1,128.03	731.78	184.68%
32,000	400.00	1,132.16	732.16	183.04%
33,000	403.75	1,136.29	732.54	181.43%
34,000	407.50	1,140.42	732.92	179.86%
35,000	411.25	1,144.55	733.30	178.31%
36,000	415.00	1,148.68	733.68	176.79%
37,000	418.75	1,152.81	734.06	175.30%
38,000	422.50	1,156.94	734.44	173.83%
39,000	426.25	1,161.07	734.82	172.39%
40,000	430.00	1,165.20	735.20	170.98%
41,000	433.75	1,169.33	735.58	169.59%
42,000	437.50	1,173.46	735.96	168.22%
43,000	441.25	1,177.59	736.34	166.88%
44,000	445.00	1,181.72	736.72	165.56%
45,000	448.75	1,185.85	737.10	164.26%
46,000	452.50	1,189.98	737.48	162.98%
47,000	456.25	1,194.11	737.86	161.72%
48,000	460.00	1,198.24	738.24	160.49%
Median Usage 4,500	296.88	1,018.59	721.71	243.10%
Average Usage 667	282.50	1,002.75	720.25	254.96%

PRESENT RATES:

MONTHLY MINIMUM \$280.00
 GALLONS IN MINIMUM 0
 CHARGE PER 1,000 GALLONS \$3.75

PROPOSED RATES:

MONTHLY MINIMUM \$1,000.00
 GALLONS IN MINIMUM 0
 CHARGE PER 1,000 GALLONS \$4.13