

ORIGINAL



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BEFORE THE ARIZONA CORPORATION

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AZ CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS

BOB STUMP- Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

IN THE MATTER OF THE APPLICATION OF
OF VAIL WATER COMPANY FOR A
DETERMINATION OF THE FAIR VALUE OF
ITS UTILITY PLANT AND PROPERTY AND
FOR AN INCREASE IN ITS RATES AND
CHARGES BASED THEREON.

DOCKET NO. W-01651B-12-0339

**STAFF'S NOTICE OF SETTLEMENT
AGREEMENT**

Staff of the Arizona Corporation Commission ("Staff"), on behalf of the Signatories to the Proposed Settlement Agreement ("Agreement"), hereby files the Agreement in compliance with the filing deadline of April 26, 2013 set by the Administrative Law Judge in her Procedural Order of April 24, 2013.

RESPECTFULLY SUBMITTED this 26th day of April 2013.

Brian E. Smith
Bridget A. Humphrey
Attorneys, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

Original and thirteen (13) copies
of the foregoing filed this
26th day of April 2013 with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission
DOCKETED

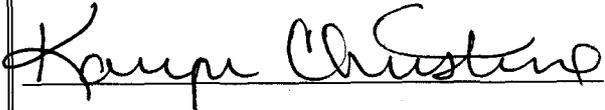
APR 26 2013

DOCKETED BY

1 Copy of the foregoing mailed this
2 26th day of April 2013 to:

3 Christopher Volpe, Vice President
4 Vail Water Company
5 1010 North Finance Center Drive
6 Suite 200
7 Tucson, Arizona 85710

8 Michael McNulty
9 Michael Hallam
10 Lewis and Roca LLP
11 40 North Central Avenue
12 Phoenix, Arizona 85004

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VAIL WATER COMPANY

PROPOSED SETTLEMENT AGREEMENT

DOCKET NO. W-01651B-12-0339

April 26, 2013

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**PROPOSED SETTLEMENT AGREEMENT OF
DOCKET NO. W-01651B-12-0339
VAIL WATER COMPANY'S REQUEST FOR RATE ADJUSTMENT**

The purpose of this Settlement Agreement ("Agreement") is to settle disputed issues related to Docket No. W-01651B-12-0339, Vail Water Company's ("Vail" or the "Company") application for a determination of the fair value of its utility plant and property and the setting of rates thereon (the "Rate Case"). This Agreement is entered into between Arizona Corporation Commission Utilities Division ("Staff") and Vail (each a "Party", and collectively, the "Parties").

I. RECITALS

- 1.1 Vail filed the rate application in Docket No. W-01651B-12-0339 on July 27, 2012. Staff found the Application sufficient on August 27, 2012.
- 1.2 No other entity filed to intervene.
- 1.3 A Procedural Order was issued on September 11, 2012, scheduling an evidentiary hearing on May 7, 2013.
- 1.4 This Agreement is a result of the Parties' good faith efforts to settle all of the issues presented in the Rate Case.
- 1.5 The terms of this Agreement will serve the public interest by providing a just and reasonable resolution of the issues presented in the Rate Case, establishing just and reasonable rates for Vail's customers, and promoting the health, welfare, and safety of Vail's customers. Commission approval of this Agreement will further serve the public interest by allowing the Parties to avoid the expense and delay associated with continued litigation.
- 1.6 The Parties agree to ask the Commission to: (1) find that the terms and conditions of this Agreement are just and reasonable and in the public interest, along with any and all other necessary findings, and (2) approve the Agreement and order that the Agreement and the rates contained therein become effective at the earliest practicable date.

TERMS AND CONDITIONS

II. RATE INCREASE

For ratemaking purposes and for the purposes of this Agreement, the Parties agree that:

- 2.1 Vail's adjusted test year revenue was \$2,183,759.
- 2.2 Vail will receive an annual increase in revenue of \$21,480, for an annual revenue requirement of \$2,205,239.
- 2.3 The Company's fair value rate base used to establish the rates agreed to herein is \$3,315,108.
- 2.4 The fair value rate base includes deferred Central Arizona Project ("CAP") recharge credits of \$1,081,028. In addition, the Company agrees that all recharge credits sold by the Company must be priced, at a minimum, to recover the direct costs of the CAP water, including recognition the Department of Water Resources' ("ADWR") 5% cut to the aquifer.
- 2.5 The schedules attached as **Exhibit A** ("Settlement Schedules") reflect the Parties' agreed upon rate base, operating expenses and operating income, cost of capital and rate design.

III. COST OF CAPITAL

For ratemaking purposes and for the purposes of this Agreement, the Parties agree that:

- 3.1 The Company has a capital structure comprised of 100% common equity.
- 3.2 A return on common equity of 9.1% shall be adopted.

IV. CAP SURCHARGE ADJUSTMENT PROVISIONS

- 4.1 Vail shall implement a CAP Surcharge, the components of which will include (i) CAP Municipal and Industrial (M&I) capital charges, (ii) CAP delivery charges, and (iii) City of Tucson wheeling charges.

- 4.2 The CAP Surcharge will begin at zero and be adjusted annually as described in the Proposed Plan of Administration.
- 4.3 As described in the Proposed Plan of Administration, Vail's CAP capital and delivery cost recovery through the CAP Surcharge will be reduced for any water loss in excess of 10 percent (10%).
- 4.4 The parties shall file the Proposed Plan of Administration prior to the May 7, 2013 hearing.

V. RATE DESIGN

- 5.1 The Company accepts Staff's rate design to generate the settlement revenue requirement as further set forth in the Settlement Schedules.

VI. COMPLIANCE AND OTHER MATTERS

- 6.1 The Company will obtain timesheets for management services from TEM Corp. to support management fees requested for recovery in rates in future rate cases and provide copies of such time records to Staff in future rate cases.
- 6.2 The Company's CAP Hook Up Fee Tariff will be eliminated.

VII. COMMISSION EVALUATION OF PROPOSED SETTLEMENT

- 7.1 This Agreement shall serve as a procedural device by which the Parties will submit their proposed settlement of Vail's pending rate case, Docket No. W-01651B-12-0339, to the Commission.
- 7.2 All currently-filed testimony and exhibits shall be offered into the Commission's record as evidence.
- 7.3 The Parties recognize that the Commission will independently consider and evaluate the terms of this Agreement.
- 7.4 If the Commission issues an order adopting all material terms of this Agreement, such action shall constitute Commission approval of the Agreement. Thereafter, the Parties shall abide by the terms as approved by the Commission.

- 7.5 The Parties agree to support and defend this Agreement, including filing testimony in support of the Agreement and presenting evidence in support of the Agreement at the hearing scheduled to begin on May 7, 2013, and will not oppose any provision of the Agreement in pre-filed or live testimony. The Parties shall take reasonable steps to expedite consideration of the settlement, entry of a decision adopting the settlement, and implementation of the rates anticipated in this Agreement and shall not seek any delay in the schedules set for consideration of the Agreement or for the Administrative Law Judge's or Commission's consideration of the settlement embodied in this Agreement. If the Commission adopts an order approving all material terms of this Agreement, the Parties will support and defend the Commission's order before any court or regulatory agency in which it may be at issue.
- 7.6 Within fifteen (15) days of an order of the Commission issued in this Docket, Vail shall file compliance tariffs for Staff review and approval. Such compliance tariffs, however, will become effective upon the effective date of the rate increase stated in the Commission's order.
- 7.7 If the Commission fails to issue an order adopting all material terms of this Agreement or adds new or different material terms to this Agreement or decides any issue or adopts any position in conflict with any material term of this Agreement, any or all of the Parties may withdraw from this Agreement, and such Party or Parties may pursue without prejudice their respective remedies at law. For purposes of this Agreement, whether a term is material shall be left to the discretion of the Party choosing to withdraw from the Agreement.
- 7.8 Vail recognizes that Staff does not have the power to bind the Commission. For purposes of proposing a settlement agreement, Staff acts in the same manner as any party to a Commission proceeding.

VIII. MISCELLANEOUS PROVISIONS

- 8.1 The provisions set forth in this Agreement are made for the purposes of a compromised settlement only and shall not be construed as admissions against interest or waivers of litigation positions of the Parties in this Rate Case or to other or future rate cases.
- 8.2 This Agreement represents the Parties' mutual desire to compromise and settle disputed issues in a manner consistent with the public interest. None of the positions taken in this Agreement by any of the Parties may be

referred to, cited, or relied upon as precedent in any proceeding before the Commission, any other regulatory agency, or any court for any purpose except in furtherance of this Agreement.

- 8.3 This case presents a unique set of circumstances and compromises to achieve consensus for settlement. Consequently, participants may be accepting positions that, in other circumstances, they would be unwilling to accept. They are doing so because the Agreement, as a whole, with its various provisions for settling the unique issues presented by this case, is consistent with their long-term interests and the broad public interest. The acceptance by any Party of any specific element of this Agreement shall not be considered as precedent for acceptance of that element in any other context.
- 8.4 No Party is bound by any position asserted in negotiations, except as expressly stated otherwise in this Agreement. No Party shall offer evidence of conduct or statements made in the course of negotiating this Agreement before this Commission, or any other regulatory agency, or any court.
- 8.5 To the extent any provision of this Agreement is inconsistent with any existing Commission order, rule, or regulation, this Agreement shall control.
- 8.6 Each of the terms of this Agreement is in consideration of all other terms of this Agreement. Accordingly, the terms are not severable.
- 8.7 The Parties warrant and represent that each person whose signature appears below is fully authorized and empowered to execute this Agreement.
- 8.8 The Parties acknowledge that they are represented by competent legal counsel and that they understand all of the terms of this Agreement and have had an opportunity to participate in the drafting of this Agreement and to fully review it with their counsel before signing, and that they execute this Agreement with full knowledge of the terms of the Agreement.
- 8.9 This Agreement may be executed in any number of counterparts and by each Party on separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute one and the same instrument. This Agreement may also be executed electronically or by facsimile.

Executed this 26th day of April, 2013.

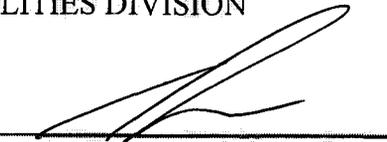
VAIL WATER COMPANY

By: 

Name: SHELDON J. MANDELL

Its: PRESIDENT

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

By: 

Name: STEVE LEA

Its: Director, Utilities Division

EXHIBIT A
SETTLEMENT SCHEDULES

VAIL WATER COMPANY

PROPOSED SETTLEMENT AGREEMENT

DOCKET NO. W-01651B-12-0339

April 26, 2013

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 - 8.9 This Agreement may be executed in any number of counterparts and by each Party on separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute one and the same instrument. This Agreement may also be executed electronically or by facsimile.

Executed this 26th day of April, 2013.

VAIL WATER COMPANY

By: _____

Name: _____

Its: _____

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

By: _____

Name: _____

Its: _____

EXHIBIT A
SETTLEMENT SCHEDULES

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY FAIR VALUE	(B) STAFF FAIR VALUE
1	Adjusted Rate Base	\$ 3,312,773	\$ 3,315,108
2	Adjusted Operating Income (Loss)	\$ 312,107	\$ 285,069
3	Current Rate of Return (L2 / L1)	9.42%	8.60%
4	Required Rate of Return	10.40%	9.10%
5	Required Operating Income (L4 * L1)	\$ 344,528	\$ 301,675
6	Operating Income Deficiency (L5 - L2)	\$ 32,421	\$ 16,606
7	Commission Tax Allowance Policy - Gross Revenue Conversion Factor	1.3606	1.2935
8	Required Revenue Increase (L7 * L6)	\$ 44,113	\$ 21,480
9	Adjusted Test Year Revenue	\$ 2,334,747	\$ 2,183,759
10	Proposed Annual Revenue	\$ 2,378,860	\$ 2,205,239
11	Required Increase in Revenue (%)	1.89%	0.98%

References:

Column (A): Company Schedule A-1

Column (B): Staff Schedules JMM-2 and JMM-8

COMMISSION TAX ALLOWANCE POLICY - GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
<u>Commission Tax Allowance Policy - Calculation of Gross Revenue Conversion Factor:</u>					
1	Commission Tax Allowance Policy - Revenue	100.0000%			
2	Commission Tax Allowance Policy - Uncollectible Factor	0.0000%			
3	Commission Tax Allowance Policy - Revenues (L1 - L2)	100.0000%			
4	Commission Tax Allowance Policy - Combined Federal and State Income Tax and Property Tax Rate (Line 18)	22.6905%			
5	Subtotal (L3 - L4)	77.3095%			
6	Commission Tax Allowance Policy - Revenue Conversion Factor (L1 / L5)	1.293502			
<u>Commission Tax Allowance Policy - Calculation of Effective Tax Rate:</u>					
7	Operating Income Before Commission Tax Allowance Policy (Arizona Taxable Income)	100.0000%			
8	Commission Tax Allowance Policy - Arizona State Income Tax Rate (from worksheet)	2.9627%			
9	Commission Tax Allowance Policy - Income (L7 - L8)	97.0373%			
10	Commission Tax Allowance Policy - Applicable Federal Income Tax Rate (Line 48)	19.1272%			
11	Commission Tax Allowance Policy - Effective Federal Income Tax Rate (L9 x L10)	18.5605%			
12	Commission Tax Allowance Policy - Combined Federal and State Income Tax Rate (L8 +L11)		21.5232%		
<u>Commission Tax Allowance Policy - Calculation of Effective Property Tax Factor</u>					
13	Unity	100.0000%			
14	Commission Tax Allowance Policy - Combined Federal and State Income Tax Rate (L12)	21.5232%			
15	Commission Tax Allowance Policy - One Minus Combined Income Tax Rate (L13-L14)	78.4768%			
16	Commission Tax Allowance Policy - Property Tax Factor (JMM-W14, L27)	1.4874%			
17	Commission Tax Allowance Policy - Effective Property Tax Factor (L15*L16)		1.1673%		
18	Commission Tax Allowance Policy - Combined Federal and State Income Tax and Property Tax Rate (L12+L17)			22.6905%	
19	Commission Tax Allowance Policy - Required Operating Income (Schedule JMM-1, Line 5)	\$ 301,675			
20	Commission Tax Allowance Policy - Adjusted Test Year Operating Income (Loss) (JMM-8, L35)	285,069			
21	Commission Tax Allowance Policy - Required Increase in Operating Income (L19 - L20)		\$ 16,606		
22	Commission Tax Allowance Policy - Income Taxes on Recommended Revenue (Col. [C], L47)	\$ 82,738			
23	Commission Tax Allowance Policy - Income Taxes on Test Year Revenue (Col. [A], L47)	78,184			
24	Commission Tax Allowance Policy - Required Increase in Revenue to Provide for Income Taxes (L22 - L23)		4,554		
25	Commission Tax Allowance Policy - Recommended Revenue Requirement (Schedule JMM-W1, Line 10)	\$ 2,205,239			
26	Commission Tax Allowance Policy - Uncollectible Rate	0.0000%			
27	Commission Tax Allowance Policy - Uncollectible Expense on Recommended Revenue (L25*L26)	\$ -			
28	Commission Tax Allowance Policy - Adjusted Test Year Uncollectible Expense	\$ -			
29	Commission Tax Allowance Policy - Required Increase in Revenue to Provide for Uncollectible Exp. (L27-L28)				
30	Commission Tax Allowance Policy - Property Tax with Recommended Revenue (Schedule JMM-W14, L21)	\$ 97,263			
31	Commission Tax Allowance Policy - Property Tax on Test Year Revenue (Schedule JMM-W14, Line 17)	96,944			
32	Commission Tax Allowance Policy - Increase in Property Tax Due to Increase in Revenue (L30-31)		319		
33	Commission Tax Allowance Policy - Total Required Increase in Revenue (L21 + L24 + L29 + L32)		\$ 21,480		
<u>Commission Tax Allowance Policy Calculation of Income Tax:</u>					
34	Commission Tax Allowance Policy - Revenue (Schedule JMM-1, Col. [B], Line 9 & Sch. JMM-1, Col. [B] Line 10)	\$ 2,183,759	\$ 21,480	\$ 2,205,239	
35	Commission Tax Allowance Policy - Operating Expenses Excluding Income Taxes	\$ 1,820,507		\$ 1,820,826	
36	Commission Tax Allowance Policy - Synchronized Interest (L51)	\$ -		\$ -	
37	Commission Tax Allowance Policy - Arizona Taxable Income (L34 - L35 - L36)	\$ 363,253		\$ 384,413	
38	Commission Tax Allowance Policy - Arizona State Income Tax Rate	2.9627%		2.9627%	
39	Commission Tax Allowance Policy - Arizona Income Tax (L37 x L38)	\$ 10,762		\$ 11,389	
40	Commission Tax Allowance Policy - Federal Taxable Income (L37- L39)	\$ 352,491		\$ 373,024	
41	Commission Tax Allowance Policy - Federal Effective Tax	19.1272%		19.1272%	
42	Commission Tax Allowance Policy - Federal Tax	\$ 67,422		\$ 71,349	
43		\$ -		\$ -	
44		\$ -		\$ -	
45		\$ -		\$ -	
46		\$ 67,422		\$ 71,349	
47	Commission Tax Allowance Policy - Combined Federal and State Income Tax (L39 + L46)	\$ 78,184		\$ 82,738	
48	Commission Tax Allowance Policy - Applicable Federal Income Tax Rate [Col. [C], L46 - Col. [A], L46] / [Col. [C], L40 - Col. [A], L40]				19.1272%
<u>Commission Tax Allowance Policy - Calculation of Interest Synchronization:</u>					
49	Commission Tax Allowance Policy - Rate Base (Schedule JMM-3, Col. (C), Line 17)	\$ 3,315,108			
50	Commission Tax Allowance Policy - Weighted Average Cost of Debt	0.0%			
51	Commission Tax Allowance Policy - Synchronized Interest (L45 X L46)	\$ -			

RATE BASE - ORIGINAL COST

LINE NO.	(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	(C) STAFF AS ADJUSTED
1	Plant in Service	\$ 20,158,710	\$ 20,065,755
2	Less: Accumulated Depreciation	3,722,176	3,601,631
3	Net Plant in Service	<u>\$ 16,436,534</u>	<u>\$ 16,464,124</u>
<u>LESS:</u>			
4	Contributions in Aid of Construction (CIAC)	\$ 2,930,228	\$ 2,930,228
5	Less: Accumulated Amortization	605,832	\$ 603,756
6	Net CIAC	<u>2,324,396</u>	<u>\$ 2,326,472</u>
7	Advances in Aid of Construction (AIAC)	11,374,431	11,374,431
8	Customer Deposits	529,140	529,140
9	Deferred CAP Liability	-	-
<u>ADD:</u>			
10	Deferred CAP Charges	1,104,206	1,081,028
11	Deferred Tax Assets	-	-
12	Original Cost Rate Base	<u>\$ 3,312,773</u>	<u>\$ 3,315,108</u>

References:

Column [A]: Company Application
Column [B]: Testimony JMM
Column [C]: Column [A] + Column [B]

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) Retired Plant Ref. Sch JMM-5	(C) Plant Retired to Wrong Account Ref. Sch JMM-6	(D) ADJ #3 Excess Capacity Ref. Sch JMM-7	(E) ADJ #4 CAP LTSC Ref. Sch JMM-8	(F) STAFF ADJUSTED
1	301	Organization Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	17,750	-	-	-	-	17,750
4	304	Structures and Improvements	399,328	(1,978)	-	-	-	397,350
5	305	Collecting and Impounding Res.	-	-	-	-	-	-
6	306	Lake River and Other Intakes	-	-	-	-	-	-
7	307	Wells and Springs	1,126,979	-	-	-	-	1,126,979
8	308	Infiltration Galleries and Tunnels	-	-	-	-	-	-
9	309	Supply Mains	2,995	-	-	-	-	2,995
10	310	Power Generation Equipment	-	-	-	-	-	-
11	311	Electric Pumping Equipment	1,553,110	(29,479)	1,838	-	-	1,525,469
12	320.1	Water Treatment Plants	-	-	-	-	-	-
13	320.2	Solution Chemical Feeders	-	-	-	-	-	-
14	330	Distribution Reservoirs & Standpipe	1,621,069	(61,499)	25,642	-	-	1,585,212
15	330.1	Storage Tanks	-	-	-	-	-	-
16	330.2	Pressure Tanks	-	-	-	-	-	-
17	331	Transmission and Distribution Mains	14,023,034	-	-	-	-	14,023,034
18	333	Services	12,451	-	-	-	-	12,451
19	334	Meters	923,082	-	-	-	-	923,082
20	335	Hydrants	492,908	-	-	-	-	492,908
21	336	Backflow Prevention Devices	7,901	-	-	-	-	7,901
22	339	Other Plant and Miscellaneous Equipment	6,553	-	-	-	-	6,553
23	340	Office Furniture and Fixtures	29,683	(27,480)	-	-	-	2,203
24	340.1	Computers and Software	15,621	-	-	-	-	15,621
25	341	Transportation Equipment	54,807	-	-	-	-	54,807
26	343	Tools and Work Equipment	15,645	-	-	-	-	15,645
27	344	Laboratory Equipment	-	-	-	-	-	-
28	345	Power Operated Equipment	5,190	-	-	-	-	5,190
29	346	Communications Equipment	-	-	-	-	-	-
30	347	Miscellaneous Equipment	-	-	-	-	-	-
31	348	Other Tangible Plant	(149,395)	-	-	-	-	(149,395)
32		Total Plant in Service	\$ 20,158,710	\$ (92,956)	\$ -	\$ -	\$ -	\$ 20,065,755
33		Less: Accumulated Depreciation	3,722,176	(92,956)	(27,589)	-	-	3,601,631
34		Net Plant in Service	\$ 16,436,534	\$ -	\$ 27,589	\$ -	\$ -	\$ 16,464,124
35		LESS:						
36		Contributions in Aid of Construction (CIAC)	\$ 2,930,228	\$ -	\$ -	\$ -	\$ -	\$ 2,930,228
37		Less: Accumulated Amortization	605,832	-	(2,076)	-	-	603,756
38		Net CIAC (L39 - L40)	2,324,396	-	2,076	-	-	2,326,472
39		Advances in Aid of Construction (AIAC)	11,374,431	-	-	-	-	11,374,431
40		Customer Deposits	529,140	-	-	-	-	529,140
41		Deferred Income Taxes	-	-	-	-	-	-
42		Deferred CAP Liability	-	-	-	-	-	-
43			-	-	-	-	-	-
44		ADD:						
45		Deferred CAP Charges	1,104,206	-	-	-	(23,178)	1,081,028
46		Deferred Tax Assets	-	-	-	-	-	-
47								
48		Original Cost Rate Base	\$ 3,312,773	\$ -	\$ 25,513	\$ -	\$ (23,178)	\$ 3,315,108

RATE BASE ADJUSTMENT NO. 1 - RETIRED PLANT

LINE NO.	ACCT NO.	DESCRIPTION	[A]	[B]	[C]
			COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED (Col A + Col B)
1	304	Structures and Improvements	\$ 399,328	\$ (1,978)	\$ 397,350
2	311	Electric Pumping Equipment	1,553,110	(29,479)	1,523,631
3	330	Distribution Reservoirs & Standpipe	1,621,069	(61,499)	1,559,570
4			<u>\$ 3,573,507</u>	<u>\$ (92,956)</u>	<u>\$ 3,480,551</u>
2					
3		Accumulated Depreciation	<u>\$ 3,722,176</u>	<u>\$ (92,956)</u>	<u>\$ 3,629,220</u>

References:

- Column [A]: Company Application
- Column [B]: Testimony JMM
- Column [C]: Column [A] + Column [B]

Vail Water Company
 Docket No. W-01651B-12-0339
 Test Year Ended: December 31, 2011

Settlement Schedule JMM-6

RATE BASE ADJUSTMENT NO. 2 - PLANT RETIRED TO THE WRONG ACCOUNT

LINE NO.	ACCT NO.	DESCRIPTION	[A]	[B]	[C]
			COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	311	Electric Pumping Equipment	\$ 1,553,110	\$ 1,838	\$ 1,554,948
2	330	Distribution Reservoirs & Standpipe	1,621,069	25,642	1,646,711
3	340	Office Furniture and Fixtures	29,683	(27,480)	2,203
4			\$ 3,203,862	\$ -	\$ 3,203,862
5		Accumulated Depreciation	\$ 3,722,176	\$ (27,589)	\$ 3,694,587
		Adjustment to CIAC Amortization	\$ 2,930,228	\$ (2,076)	\$ 2,928,152

References:

Column [A]: Company Application
 Column [B]: Testimony JMM
 Column [C]: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 3 - EXCESS CAPACITY

LINE NO.	ACCT NO.	DESCRIPTION	[A]	[B]	[C]
			COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	307	Wells and Springs	\$ 1,126,979	\$ -	\$ 1,126,979
2					
3		Accumulated Depreciation	\$ 3,722,176	\$ -	\$ 3,722,176
4					
5					
6					

References:
 Column [A]: Company Application
 Column [B]: Testimony JMM
 Column [C]: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 4 - CAP Long-Term Storage Credits

LINE NO.	ACCT NO.	DESCRIPTION	[A]	[B]	[C]
			Plant in Service Per Company	Adjustment to Long-Term Storage Credits	Plant in Service Per Staff (Col A + Col B)
1		Deferred CAP Charges	\$ 1,104,206	\$ (23,178)	\$ 1,081,028
2					
3		Deferred CAP Liability	\$ -	\$ -	\$ -
4					

References:

- Column [A]: Company Application
- Column [B]: Testimony JMM
- Column [C]: Column [A] + Column [B]

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY ADJUSTED TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
1	<u>REVENUES:</u>					
2	Metered Water Sales	\$ 2,120,110	\$ -	\$ 2,120,110	\$ 21,480	\$ 2,141,590
3	Water Sales-Unmetered	-	-	-	-	-
4	Other Water Revenue	214,637	(150,988)	63,649	-	63,649
5	Intentionally Left Blank	-	-	-	-	-
6	Total Operating Revenues	\$ 2,334,747	\$ -	\$ 2,183,759	\$ 21,480	\$ 2,205,239
7						
8	<u>OPERATING EXPENSES:</u>					
9	Salaries and Wages	\$ 276,984	\$ -	\$ 276,984	\$ -	\$ 276,984
10	Employee Benefits	12,757	-	12,757	-	12,757
11	Purchased Water	199,817	-	199,817	-	199,817
12	Purchased Power	218,584	-	218,584	-	218,584
13	Chemicals	1,732	-	1,732	-	1,732
14	Materials and Supplies	14,372	-	14,372	-	14,372
15	Repairs and Maintenance	28,876	-	28,876	-	28,876
16	Office Supplies and Expense	73,301	-	73,301	-	73,301
17	Contractual Services - Engineering	6,270	-	6,270	-	6,270
18	Contractual Services - Accounting	10,473	-	10,473	-	10,473
19	Contractual Services - Legal	12,933	-	12,933	-	12,933
20	Contractual Services - Management Fees	211,138	(91,901)	119,237	-	119,237
21	Contractual Services - Other	15,976	-	15,976	-	15,976
22	Contractual Services - Water Testing	3,906	9,761	13,667	-	13,667
23	Rents - Building/Real Property	7,920	-	7,920	-	7,920
24	Rents - Equipment	8,314	-	8,314	-	8,314
25	Transportation Expenses	33,154	-	33,154	-	33,154
26	Insurance - Vehicle	5,111	-	5,111	-	5,111
27	Insurance - General Liability	32,130	-	32,130	-	32,130
28	Insurance - Worker's Comp	3,111	-	3,111	-	3,111
29	Regulatory Commission Expense	11,946	-	11,946	-	11,946
30	Regulatory Commission Expense - Rate Case	30,000	-	30,000	-	30,000
31	Bad Debt Expense	6,856	-	6,856	-	6,856
32	Miscellaneous Expense	11,424	(1,311)	10,113	-	10,113
33	Depreciation Expense	570,649	(5,701)	564,948	-	564,948
34	Taxes Other than Income	-	-	-	-	-
35	Property Taxes	103,681	(6,737)	96,944	319	97,263
36	Income Taxes	106,244	(28,060)	78,184	4,554	82,738
37	Interest on Customer Deposits	4,981	-	4,981	-	4,981
38	Total Operating Expenses	\$ 2,022,640	\$ (123,949)	\$ 1,898,691	\$ 4,874	\$ 1,903,564
39	Operating Income (Loss)	\$ 312,107	\$ 123,949	\$ 285,069	\$ 16,606	\$ 301,675

References:
Column (A): Company Schedule C-1
Column (B): Schedule JMM-10
Column (C): Column (A) + Column (B)
Column (D): Schedules JMM-1, and JMM-14
Column (E): Column (C) + Column (D)

SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) Purchased Water Expense ADJ #1 Ref. Sch JMM-11	(C) Water Testing ADJ #2 Ref. Sch JMM-12	(D) Miscellaneous Expense ADJ #3 Ref. Sch JMM-13	(E) Depreciation Expense ADJ #4 Ref. Sch JMM-14	(F) Property Tax Expense ADJ #5 Ref. Sch JMM-15	(G) Income Tax Expense ADJ #6 Ref. Sch JMM-16	(H) Company Rebuttal Adjustments that Staff Accepts ADJ #7 Ref. Sch JMM-17	(I) STAFF ADJUSTED
1	REVENUES:									
2	Metered Water Sales	\$ 2,120,110								\$ 2,120,110
3	Water Sales-Unmetered									
4	Other Water Revenue	214,637								
5	Intentionally Left Blank									
6	Total Operating Revenues	\$ 2,334,747							(150,988)	\$ 2,183,759
7										
8	OPERATING EXPENSES:									
9	Salaries and Wages	\$ 276,984								\$ 276,984
10	Employee Benefits	12,757								12,757
11	Purchased Water	199,817								199,817
12	Purchased Power	218,584								218,584
13	Chemicals	1,732								1,732
14	Materials and Supplies	14,372								14,372
15	Repairs and Maintenance	28,876								28,876
16	Office Supplies and Expense	73,301								73,301
17	Contractual Services - Engineering	6,270								6,270
18	Contractual Services - Accounting	10,473								10,473
19	Contractual Services - Legal	12,933								12,933
20	Contractual Services - Management Fees	211,138								211,138
21	Contractual Services - Other	15,976							(91,901)	119,237
22	Contractual Services - Water Testing	3,906								3,906
23	Rents - Building/Real Property	7,920		9,761						13,687
24	Rents - Equipment	8,314								7,920
25	Transportation Expenses	33,154								8,314
26	Insurance - Vehicle	5,111								33,154
27	Insurance - General Liability	32,130								5,111
28	Insurance - Worker's Comp	3,111								32,130
29	Regulatory Commission Expense	11,946								3,111
30	Regulatory Commission Expense - Rate Case	30,000								11,946
31	Bad Debt Expense	6,856								30,000
32	Miscellaneous Expense	11,424		(1,311)						6,856
33	Depreciation Expense	570,649				(5,701)				10,113
34	Amortization of CIAC									584,948
35	Taxes Other than Income									
36	Property Taxes	103,681					(6,737)			
37	Income Taxes	106,244						(28,060)		
38	Interest on Customer Deposits	4,981								96,944
39	Total Operating Expenses	\$ 2,022,640	\$ 9,761	\$ (1,311)	\$ (5,701)	\$ (6,737)	\$ (28,060)	\$ (91,901)	\$ (59,087)	\$ 1,888,691
40	Operating Income (Loss)	\$ 312,107	\$ (9,761)	\$ 1,311	\$ 5,701	\$ 6,737	\$ 28,060	\$ (59,087)	\$ (59,087)	\$ 285,069

OPERATING ADJUSTMENT NO. 1 - PURCHASED WATER EXPENSE

Line No.	Description	[A]	[B]	[C]
		COMPANY PROPOSED	STAFF ADJUSTMENTS	STAFF RECOMMENDED
1	Purchased Water	\$ 199,817	\$ -	\$ 199,817
<u>Staff's Calculation to increase CAP M&I Charges</u>				
	Future CAP Charge 1,857 (a.f.) x \$146 (average of five years 129 + 138 + 149 + 155 + 159)	\$ 271,122		
	Current CAP Charge 1,857 (a.f.) x \$122	\$ 226,554		
	Increase	\$ 44,568		
<u>Staff's Calculation to increase CAP Capital Charges</u>				
	Future CAP Charge 1,857 (a.f.) x \$16.80 (average of five years 15 + 16 + 17 + 18 + 18)	\$ 31,198		
	Current CAP Charge 1,857 (a.f.) x \$15	\$ 27,855		
		\$ 3,343		

References:

- Column [A]: Company Application
- Column [B]: Testimony JMM
- Column [C]: Column [A] + Column [B]

Vail Water Company
Docket No. W-01651B-12-0339
Test Year Ended: December 31, 2011

Settlement Schedule JMM-12

OPERATING ADJUSTMENT NO. 2 - WATER TESTING EXPENSE AND MANAGEMENT FEES EXPENSE

Line No.	Description	[A]	[B]	[C]
		COMPANY PROPOSED	STAFF ADJUSTMENTS	STAFF RECOMMENDED
1	Water Testing Fee	\$ 3,906	\$ 9,761	\$ 13,667

References:

- Column [A]: Company Application
- Column [B]: Testimony JMM
- Column [C]: Column [A] + Column [B]

OPERATING ADJUSTMENT NO. 3 - MISCELLANEOUS EXPENSE

Line No.	Description	[A]	[B]	[C]
		COMPANY PROPOSED	STAFF ADJUSTMENTS	STAFF RECOMMENDED
1	Miscellaneous Expense	\$ 11,424	\$ (1,311)	\$ 10,113

References:

- Column [A]: Company Application
- Column [B]: Testimony JMM
- Column [C]: Column [A] + Column [B]

OPERATING INCOME ADJUSTMENT NO. 4 - DEPRECIATION EXPENSE ON TEST YEAR PLANT

LINE NO.	ACCT NO.	DESCRIPTION	[A] PLANT IN SERVICE Per Staff	[B] NonDepreciable or Fully Depreciated Plant	[C] DEPRECIABLE PLANT (Col A - Col B)	[D] DEPRECIATION RATE	[E] DEPRECIATION EXPENSE (Col C x Col D)
1	301	Organization Cost	\$ -	\$ -	\$ -	0.00%	\$ -
2	302	Franchise Cost	\$ -	\$ -	\$ -	0.00%	\$ -
3	303	Land and Land Rights	\$ 17,750	\$ 17,750	\$ -	0.00%	\$ -
4	304	Structures and Improvements	\$ 397,350	\$ -	\$ 397,350	3.33%	\$ 13,232
5	305	Collecting and Impounding Res.	\$ -	\$ -	\$ -	2.50%	\$ -
6	306	Lake River and Other Intakes	\$ -	\$ -	\$ -	2.50%	\$ -
7	307	Wells and Springs	\$ 1,126,979	\$ -	\$ 1,126,979	3.33%	\$ 37,528
8	308	Infiltration Galleries and Tunnels	\$ -	\$ -	\$ -	6.67%	\$ -
9	309	Supply Mains	\$ 2,995	\$ -	\$ 2,995	2.00%	\$ 60
10	310	Power Generation Equipment	\$ -	\$ -	\$ -	5.00%	\$ -
11	311	Electric Pumping Equipment	\$ 1,525,469	\$ -	\$ 1,525,469	12.50%	\$ 190,684
12	320	Water Treatment Equipment	\$ -	\$ -	\$ -	3.33%	\$ -
13	320	Water Treatment Plant	\$ -	\$ -	\$ -	20.00%	\$ -
14	330	Distribution Reservoirs & Standpipe	\$ 1,585,212	\$ -	\$ 1,585,212	2.22%	\$ 35,192
15	330.1	Storage Tanks	\$ -	\$ -	\$ -	2.22%	\$ -
16	330.2	Pressure Tanks	\$ -	\$ -	\$ -	5.00%	\$ -
17	331	Transmission and Distribution Mains	\$ 14,023,034	\$ -	\$ 14,023,034	2.00%	\$ 280,461
18	333	Services	\$ 12,451	\$ -	\$ 12,451	3.33%	\$ 415
19	334	Meters	\$ 923,082	\$ -	\$ 923,082	8.33%	\$ 76,893
20	335	Hydrants	\$ 492,908	\$ -	\$ 492,908	2.00%	\$ 9,858
21	336	Backflow Prevention Devices	\$ 7,901	\$ -	\$ 7,901	6.67%	\$ 527
22	339	Other Plant and Miscellaneous Equipment	\$ 6,553	\$ -	\$ 6,553	6.67%	\$ 437
23	340	Office Furniture and Fixtures	\$ 2,203	\$ -	\$ 2,203	6.67%	\$ 147
24	341	Computers and Software	\$ 15,621	\$ -	\$ 15,621	20.00%	\$ 3,124
25	342	Transportation Equipment	\$ 54,807	\$ -	\$ 54,807	20.00%	\$ 10,961
26	343	Tools and Work Equipment	\$ 15,645	\$ -	\$ 15,645	5.00%	\$ 782
27	344	Laboratory Equipment	\$ -	\$ -	\$ -	10.00%	\$ -
28	345	Power Operated Equipment	\$ -	\$ -	\$ -	5.00%	\$ -
29	346	Communications Equipment	\$ 5,190	\$ -	\$ 5,190	10.00%	\$ 519
30	347	Miscellaneous Equipment	\$ -	\$ -	\$ -	10.00%	\$ -
31	348	Other Tangible Plant	\$ (149,395)	\$ (149,395)	\$ -	10.00%	\$ -
32		Total Plant	\$ 20,065,755	\$ (131,645)	\$ 20,197,400		\$ 660,819

Composite Depreciation Rate: 3.27%

CIAC: \$ 2,930,228

Amortization of CIAC (Line 35 x Line 34): \$ 95,871

Depreciation Expense Before Amortization of CIAC: \$ 660,819

Less Amortization of CIAC: \$ 95,871

Test Year Depreciation Expense - Staff: \$ 564,948

Depreciation Expense - Company: \$ 570,649

Staff's Total Adjustment: \$ (5,701)

References:

Column [A]: Schedule JMM-4

Column [B]: From Column [A]

Column [C]: Column [A] - Column [B]

Column [D]: Engineering Staff Report

Column [E]: Column [C] x Column [D]

OPERATING INCOME ADJUSTMENT NO. 5 - PROPERTY TAX EXPENSE

LINE NO.	Property Tax Calculation	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	\$ 2,183,759	\$ 2,183,759
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	4,367,519	\$ 4,367,519
4	Staff Recommended Revenue, Per Schedule JMM-1	2,183,759	\$ 2,205,239
5	Subtotal (Line 4 + Line 5)	6,551,278	6,572,758
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	2,183,759	\$ 2,190,919
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	4,367,519	\$ 4,381,839
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	22,449	\$ 22,449
12	Full Cash Value (Line 9 + Line 10 - Line 11)	4,345,070	\$ 4,359,390
13	Assessment Ratio	20.0%	20.0%
14	Assessment Value (Line 12 * Line 13)	869,014	\$ 871,878
15	Composite Property Tax Rate (Per Company Schedule)	11.1556%	11.1556%
16			\$ -
17	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	\$ 96,944	
18	Company Proposed Property Tax	103,681	
19			
20	Staff Test Year Adjustment (Line 17-Line 18)	<u>\$ (6,737)</u>	
21	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 97,263
22	Staff Test Year Adjusted Property Tax Expense (Line 17)		\$ 96,944
23	Increase in Property Tax Expense Due to Increase in Revenue Requirement		<u>\$ 319</u>
24			
25	Increase to Property Tax Expense		\$ 319
26	Increase in Revenue Requirement		21,480
27	Increase to Property Tax per Dollar Increase in Revenue (Line 25/Line 26)		1.487411%

References:

Column [A]: Company Application
Column [B]: Testimony JMM
Column [C]: Column [A] + Column [B]

Vail Water Company
Docket No. W-01651B-12-0339
Test Year Ended: December 31, 2011

Settlement Schedule JMM-16

OPERATING INCOME ADJUSTMENT NO. 6 - COMMISSION TAX ALLOWANCE POLICY - TEST YEAR INCOME TAXE EXPENSE

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY PROPOSED	STAFF ADJUSTMENTS	STAFF RECOMMENDED
1	Income Tax Expense	\$ 106,244	\$ (28,060)	\$ 78,184

References:

- Column (A), Company Schedule C-1
- Column (B): Column [C] - Column [A]
- Column (C): Schedule JMM-2

OPERATING ADJUSTMENT NO. 7 - COMPANY REBUTTAL ADJUSTMENTS THAT STAFF ACCEPTS

Line No.	Description	[A]	[B]	[C]
		COMPANY PROPOSED	STAFF ADJUSTMENTS	STAFF RECOMMENDED
1	CAP Hook-up Fees	\$ 2,120,110	\$ (150,988)	\$ 1,969,122
2	Contractual Services - Management Fees	\$ 211,138	\$ (91,901)	\$ 119,237

References:

- Column [A]: Company Application
- Column [B]: Testimony JMM
- Column [C]: Column [A] + Column [B]

Monthly Usage Charge	Present	Company Proposed Rates	Staff Recommended Rates
Meter Size (All Classes):			
5/8 x 3/4 Inch	\$ 13.18	\$ 14.70	\$ 14.70
3/4 Inch	21.00	23.42	22.50
1 Inch	40.50	45.16	37.50
1 1/2 Inch	89.20	99.46	75.00
2 Inch	147.70	164.69	120.00
3 Inch	264.20	316.88	240.00
4 Inch	479.20	534.31	375.00
6 Inch	966.92	1,078.12	750.00
8 Inch	N/A	N/A	1,200.00
10 Inch	N/A	N/A	1,725.00
12 Inch	N/A	N/A	3,225.00
Commodity Charge - Per 1,000 Gallons			
5/8" x 3/4" Meter (Residential)			
All Gallons	\$ 4.0000	N/A	N/A
First 4,000 gallons	N/A	\$ 3.7500	N/A
4,001 to 10,000 gallons	N/A	4.0000	N/A
Over 10,000 gallons	N/A	4.2500	N/A
First 3,000 gallons	N/A	N/A	\$ 2.9400
3,001 to 10,000 gallons	N/A	N/A	4.1500
Over 10,000 gallons	N/A	N/A	5.2800
5/8" x 3/4" Meter (Commercial, Industrial, Irrigation)			
All Gallons	\$ 4.0000	N/A	N/A
First 10,000 gallons	N/A	3.7500	N/A
Over 10,000 gallons	N/A	4.0000	N/A
First 10,000 gallons	N/A	N/A	4.1500
Over 10,000 gallons	N/A	N/A	5.2800
3/4" Meter (Residential)			
All Gallons	4.0000	N/A	N/A
First 4,000 gallons	N/A	\$ 3.7500	N/A
4,001 to 10,000 gallons	N/A	4.0000	N/A
Over 10,000 gallons	N/A	4.2500	N/A
First 3,000 gallons	N/A	N/A	2.9400
3,001 to 10,000 gallons	N/A	N/A	4.1500
Over 10,000 gallons	N/A	N/A	5.2800
3/4" Meter (Commercial, Industrial, Irrigation)			
All Gallons	4.0000	N/A	N/A
First 10,000 gallons	N/A	3.7500	N/A
Over 10,000 gallons	N/A	4.0000	N/A
First 10,000 gallons	N/A	N/A	4.1500
Over 10,000 gallons	N/A	N/A	5.2800
1" Meter (All Classes Including Standpipe and Construction)			
All Gallons	4.0000	N/A	N/A
First 25,000 gallons	N/A	4.0000	N/A
Over 25,000 gallons	N/A	4.2500	N/A
First 22,000 gallons	N/A	N/A	4.1500
Over 22,000 gallons	N/A	N/A	5.2800
1 1/2" Meter (All Classes Including Standpipe and Construction)			
All Gallons	4.0000	N/A	N/A
First 50,000 gallons	N/A	4.0000	N/A
Over 50,000 gallons	N/A	4.2500	N/A
First 50,000 gallons	N/A	N/A	4.1500
Over 50,000 gallons	N/A	N/A	5.2800
2" Meter (All Classes Including Standpipe and Construction)			
All Gallons	4.0000	N/A	N/A
First 80,000 gallons	N/A	4.0000	N/A
Over 80,000 gallons	N/A	4.2500	N/A
First 80,000 gallons	N/A	N/A	4.1500
Over 80,000 gallons	N/A	N/A	5.2800
3" Meter (All Classes Including Standpipe and Construction)			
All Gallons	4.0000	N/A	N/A
First 160,000 gallons	N/A	4.0000	N/A
Over 160,000 gallons	N/A	4.2500	N/A
First 160,000 gallons	N/A	N/A	4.1500
Over 160,000 gallons	N/A	N/A	5.2800
4" Meter (All Classes Including Standpipe and Construction)			
All Gallons	4.0000	N/A	N/A
First 250,000 gallons	N/A	4.0000	N/A
Over 250,000 gallons	N/A	4.2500	N/A
First 250,000 gallons	N/A	N/A	4.1500
Over 250,000 gallons	N/A	N/A	5.2800
6" Meter (All Classes Except Standpipe and Construction)			
All Gallons	4.0000	N/A	N/A
First 500,000 gallons	N/A	4.0000	N/A
Over 500,000 gallons	N/A	4.2500	N/A
First 500,000 gallons	N/A	N/A	4.1500
Over 500,000 gallons	N/A	N/A	5.2800

8" Meter (All Classes Except Standpipe and Construction)				
All Gallons	4.0000	N/A		N/A
First 720,000 gallons	N/A	N/A		4.1500
Over 720,000 gallons	N/A	N/A		5.2800
10" Meter (All Classes Except Standpipe and Construction)				
All Gallons	4.0000	N/A		N/A
First 1,035,000 gallons	N/A	N/A		4.1500
Over 1,035,000 gallons	N/A	N/A		5.2800
12" Meter (All Classes Except Standpipe and Construction)				
All Gallons	4.0000	N/A		N/A
First 1,935,000 gallons	N/A	N/A		4.1500
Over 1,935,000 gallons	N/A	N/A		5.2800
Construction/Standpipe				
All Gallons	4.0000	4.2500		5.2800
CAP Recovery Surcharge (per 1,000 gallons)	0.3200	N/A		N/A
CAP Water Surcharge (per 1,000 gallons)	N/A	See Testimony		See Testimony
Other Service Charges				
Establishment	\$ 25.00	\$ 25.00		\$ 25.00
Establishment (After Hours)	\$ 50.00	Remove from Tariff		Remove from Tariff
Reestablishment (within 12 months)	(a)	(a)		(a)
Reestablishment (within 12 months after hours)	(b)	Remove from Tariff		Remove from Tariff
Reconnection (Delinquent)	\$ 30.00	\$ 30.00		\$ 30.00
Reconnection (Delinquent) - After Hours	\$ 30.00	\$ 30.00		\$ 30.00
Meter Test (if Correct)	\$ 20.00	\$ 20.00		\$ 20.00
Deposit	(c)	(c)		(c)
Deposit interest	(c)	(c)		(c)
NSF Check	\$ 25.00	\$ 25.00		\$ 25.00
Deferred Payment (per month)	1.5% per month	1.5% per month		1.5% per month
Late Payment Fee (per month)	1.5% per month	1.5% per month		1.5% per month
Moving Customer Meter (Customer Request)	At Cost	At Cost		At Cost
Illegal Hook-up	(d)	(d)		(d)
Transfer Fee	\$ 25.00	\$ 25.00		\$ 25.00
After Hour Service Charge (at customers request)	N/A	\$ 50.00		\$ 50.00

(a) Number of months off the system times the monthly minimum per A.A.C. R14-2-403(D).
(b) Number of months off the system times the monthly minimum per A.A.C.
(c) Per Rule R14-2-403(B).
(d) Estimated billings from the time illegal connection was made to date.

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax. Per commission rule 14-2-409D(5).

Service and Meter Installation Charges

Service Size	Total Present Charge	Proposed Service Line Charge	Proposed Meter Installation Charge	Total Proposed Charge	Recommended Service Line Charge	Recommended Meter Installation Charge	Total Recommended Charge
5/8 x 3/4 Inch	\$ 400.00	\$ 445.00	\$ 305.00	\$ 750.00	\$ 445.00	\$ 305.00	\$ 750.00
3/4 Inch	\$ 440.00	\$ 445.00	\$ 405.00	\$ 850.00	\$ 445.00	\$ 405.00	\$ 850.00
1 Inch	\$ 500.00	\$ 495.00	\$ 465.00	\$ 960.00	\$ 495.00	\$ 465.00	\$ 960.00
1 1/2 Inch	\$ 675.00	\$ 550.00	\$ 675.00	\$ 1,225.00	\$ 550.00	\$ 675.00	\$ 1,225.00
2 Inch Turbo	N/A	\$ 830.00	\$ 1,195.00	\$ 2,025.00	\$ 830.00	\$ 1,195.00	\$ 2,025.00
2 Inch Compound	\$ 1,660.00	\$ 830.00	\$ 2,040.00	\$ 2,870.00	\$ 830.00	\$ 2,040.00	\$ 2,870.00
3 Inch Turbo	N/A	\$ 1,045.00	\$ 1,820.00	\$ 2,865.00	\$ 1,045.00	\$ 1,820.00	\$ 2,865.00
3 Inch Compound	\$ 2,150.00	\$ 1,165.00	\$ 2,604.00	\$ 3,769.00	\$ 1,165.00	\$ 2,604.00	\$ 3,769.00
4 Inch Turbo	N/A	\$ 1,490.00	\$ 2,820.00	\$ 4,310.00	\$ 1,490.00	\$ 2,820.00	\$ 4,310.00
4 Inch Compound	\$ 3,135.00	\$ 1,670.00	\$ 3,795.00	\$ 5,465.00	\$ 1,670.00	\$ 3,795.00	\$ 5,465.00
6 Inch Turbo	N/A	\$ 2,210.00	\$ 5,175.00	\$ 7,385.00	\$ 2,210.00	\$ 5,175.00	\$ 7,385.00
6 Inch Compound	\$ 6,190.00	\$ 2,330.00	\$ 7,070.00	\$ 9,400.00	\$ 2,330.00	\$ 7,070.00	\$ 9,400.00

Typical Bill Analysis
General Service 5/8 x 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	6,720	\$ 40.06	\$ 40.58	\$ 0.52	1.30%
Median Usage	5,500	35.18	35.70	\$ 0.52	1.48%
Staff Recommended					
Average Usage	6,720	\$ 40.06	\$ 38.96	\$ (1.10)	-2.75%
Median Usage	5,500	35.18	33.90	\$ (1.29)	-3.65%

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

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 13.18	\$ 14.70	11.53%	\$ 14.70	11.53%
1,000	17.18	18.45	7.39%	17.64	2.68%
2,000	21.18	22.20	4.82%	20.58	-2.83%
3,000	25.18	25.95	3.06%	23.52	-6.59%
4,000	29.18	29.70	1.78%	27.67	-5.17%
5,000	33.18	33.70	1.57%	31.82	-4.10%
6,000	37.18	37.70	1.40%	35.97	-3.25%
7,000	41.18	41.70	1.26%	40.12	-2.57%
8,000	45.18	45.70	1.15%	44.27	-2.01%
9,000	49.18	49.70	1.06%	48.42	-1.55%
10,000	53.18	53.70	0.98%	52.57	-1.15%
11,000	57.18	57.95	1.35%	57.85	1.17%
12,000	61.18	62.20	1.67%	63.13	3.19%
13,000	65.18	66.45	1.95%	68.41	4.96%
14,000	69.18	70.70	2.20%	73.69	6.52%
15,000	73.18	74.95	2.42%	78.97	7.91%
16,000	77.18	79.20	2.62%	84.25	9.16%
17,000	81.18	83.45	2.80%	89.53	10.29%
18,000	85.18	87.70	2.96%	94.81	11.31%
19,000	89.18	91.95	3.11%	100.09	12.23%
20,000	93.18	96.20	3.24%	105.37	13.08%
25,000	113.18	117.45	3.77%	131.77	16.43%
30,000	133.18	138.70	4.14%	158.17	18.76%
35,000	153.18	159.95	4.42%	184.57	20.49%
40,000	173.18	181.20	4.63%	210.97	21.82%
45,000	193.18	202.45	4.80%	237.37	22.88%
50,000	213.18	223.70	4.93%	263.77	23.73%
75,000	313.18	329.95	5.35%	395.77	26.37%
100,000	413.18	436.20	5.57%	527.77	27.73%