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VAIL WATER COMPANY
1010 N Finance Center Dr., Suite 200, Tucson, AZ 85710

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2015 FEB 20 A 11: 36

AZ CORP COMMISSION
DOCKET CONTROL

February 16, 2015

ORIGINAL

Docket Control Center
Arizona Corporation Commission
1200 W Washington Street
Phoenix, AZ 85007

RE: Docket W-01651B-12-0339, Decision 73995
CAP Surcharge Mechanism

Dear Sir or Madam:

Per the above referenced Decision, "on or before February 1st of each year thereafter Vail will submit to the Commission as a compliance item an annual report showing its collections under the CAP Surcharge that includes a calculation of any under/over recovery and a calculation of the CAP Long Term Storage Balance with detail showing each component's contribution to the change in balance from the prior year."

Vail Water Company is not charging its customers as we have not received Staff and Commission approval in this matter. This letter and the attached reports should meet the reporting requirement.

The original CAP Surcharge Mechanism was filed on November 19, 2014 and an **amended** CAP Surcharge Mechanism was filed on January 29, 2015.

If you have any questions please do not hesitate to contact me.

Sincerely,

Christopher T. Volpe
Vice President

Arizona Corporation Commission
DOCKETED

FEB 20 2015

DOCKETED BY

ADWR Long Term Storage Account Summary
VAIL WATER COMPANY
WSP 73-558092.07 Facility Permit 74-583016.01

Year	AF	COST	PER UNIT COST	COMMENTS
2012				
BEG BALANCE	6,922.30	\$ 1,081,027.62	\$ 156.17	
WATER ENTERING FACILITY	1,857.00	\$ 245,124.00	\$ 132.00	GL 174-005
OTHER ACQUISITIONS				
PURCHASED LTSC	-	\$ -		GL 174-004
Sub - Total	8,779.30	\$ 1,326,151.62	\$ 151.05	
ANNUAL RECOVERY	1,189.00	\$ 179,603.64	\$ 151.05	Per Well consumption report w/o flushing
LTSC RECOVERED		\$ -		
LTSC SOLD/LEASED (DLG)	243.00	\$ 36,706.21	\$ 151.05	
5% CUT TO AQUIFER	33.40			
ENDING BALANCE	7,313.90	\$ 1,109,841.77	\$ 151.74	
2013				
BEG BALANCE	7,313.90	\$ 1,109,842	\$ 151.74	
WATER ENTERING FACILITY	1,857.00	\$ 265,865	\$ 143.17	GL 174-005
5% CUT TO AQUIFER	(32.99)			
OTHER ACQUISITIONS				
PURCHASED LTSC	-	\$ -		GL 174-004
Sub - Total	9,137.91	\$ 1,375,707	\$ 150.55	
ANNUAL RECOVERY	1,197.23	\$ 180,242	\$ 150.55	Per Well consumption report w/o flushing
LTSC RECOVERED	-	\$ -		
LTSC SOLD/LEASED (DLG)	283.34	\$ 42,657	\$ 150.55	
ENDING BALANCE	7,657.34	\$ 1,152,808	\$ 150.55	
2014				
BEG BALANCE	7,657.34	\$ 1,152,808	\$ 150.55	
WATER ENTERING FACILITY	1,856.00	\$ 347,035	\$ 186.98	GL 174-005
5% CUT TO AQUIFER	33.34			
OTHER ACQUISITIONS				
PURCHASED LTSC	-	\$ -		GL 174-004
Sub - Total	9,546.68	\$ 1,499,842	\$ 157.11	
ANNUAL RECOVERY	1,189.30	\$ 186,846	\$ 157.11	Per Well consumption report w/o flushing
LTSC RECOVERED	-	\$ -		
LTSC SOLD/LEASED (DLG)	240.58	\$ 37,801	\$ 157.13	
ENDING BALANCE	8,116.80	\$ 1,275,195	\$ 157.11	



Component 1 - Variance from Combined CAP M&I Capital and CAP Delivery Charges Included in Base Rates

[1] CAP Allocation (a.f.)	1,857	
[2] CAP M&I Capital and Delivery Charges (per a.f.) using base year (test year CAP rate)	105.87	
[3] CAP M&I Capital and Delivery Charges (per a.f.) using next year's firm rate	179.00	M & I recharge rate for 2015 attached
[4] CAP Rate Increase (decrease) [3]-[2]	73.13	
[5] Total CAP M&I Capital and Delivery Charges Increase(decrease) [4]x[5]	135,802	

Component 2 - Tucson Water Wheeling Fees

[6] CAP Water Delivered to Vail Service Territory (a.f.)	1,100	Tucson Water fee 2015
[7] Wheeling fee (per a.f.)	606.33	
[8] Total Wheeling Fees	666,963	

Component 3 - Periodic Unrecovered Recharge Credits

[9] CAP Water Recharged (a.f.) [7]-[8]	757	
[10] CAP Rate Increase (per a.f.) = [4]	73.13	
[11] Total Recharge Credits for Future Use [9]x[10]	(55,369)	

Component 4 - Prior Year Under/(Over) Recovery

[12] Total amount to be recovered via surcharge = [38] from prior year calc	-	
[13] Gallons sold in previous 12 months (in 1,000s) (provide support)	-	
[14] Prior year surcharge rate (per 1,000 gallons) = [40] from prior year	-	
[15] Amounts recovered via surcharge [13]x[14]	-	
[16] Prior Year Under (Over) recovery [12]-[15]	-	

Component 5 - Long-Term Storage Credit Recovery

[17] Long-term Storage Credits Used (a.f.) (provide support)	167.13	
[18] Average Cost (provide support)	-	
[19] Total Cost [17]x[18]	-	

Component 6 - Gain on Sale of Long-Term Storage Credits

[20] Long-term Storage Credits Sold (a.f.) (provide support)	240.56	
[21] Average Cost per a.f. (provide support)	157.13	
[22] Total Cost of Long-term Storage Credits Sold [20]x[21]	37,802	(18)
[23] Total Sales of Long-term Storage Credits	37,802	
[24] Gain on Sale of Storage Credits [23]-[22]	-	
[25] Shared with Ratepayers (%)	50.00%	
[26] Credit for Rate Payer's Share of Gain [24]x[25]x(-1)	-	

Component 7 - Excess Water Loss Disallowance

[27] Gallons sold in previous 12 months (in 1,000s) (provide support)	369,895	
[28] Accounted for Water Not Sold (in 1,000's) (provide support)	1,116	(13)
[29] Total Gallons Sold and Accounted For (in 1,000's) [27] + [28]	361,011	
[30] Total Gallons Allowed (in 1,000s) [29]/0.90	401,123	
[31] Gallons Pumped in Prior Year (in 1,000's) (provide support)	395,049	
[32] Water Loss (in 1,000's) [31] - [30]	(6,074)	
[33] Percent Water Loss [32]/[31]x100	-1.54%	
[34] Allowed Water Loss Percentage	10.00%	
[35] Percent Reduction in Total Costs Recovered [34]-[33] (if positive then 0%)	0.00%	
[36] Total Base Costs [5]-[8]+[11]-[16]+[19]-[26]	747,406	
[37] Water Loss Credit [35]x[36]	-	

Computation of Commodity Surcharge

[38] Total Net Costs to be Recovered [36]-[37]	\$ 747,406	
[39] Gallons sold in previous 12 months (in 1,000s)	359,895	
[40] Cost per 1,000 gallons [38]/[39]	\$ 2.08	(27)