

# Colorado

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## Water Utility, Inc.

P.O. Box 270868 • Littleton, Colorado 80127 • Phone (720) 981-2122 • Fax (303) 979-7892 • [www.cng Holdings.net](http://www.cng Holdings.net)

October 19, 2005

Decision No. C05-1219  
Advice Letter No. 1

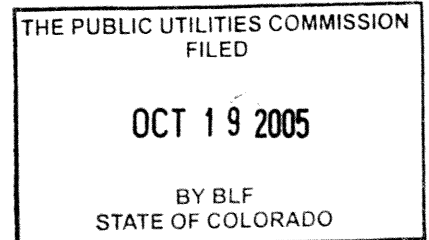
Public Utilities Commission of the State of Colorado  
1580 Logan Street, OL- 2  
Denver, Colorado 80203

The accompanying tariff sheets issued by Colorado Water Utility, Inc. ("CWU" or the "Company") are sent to you for filing in accordance with the requirements of Commission Decision No. C05-1219, issued in Docket No. 05A-376W and the Public Utilities Law:

### COLORADO P.U.C. NO. 1

and the following sheets are attached:

Colorado P.U.C. Sheet No.	Title of Sheet	Cancels Colorado P.U.C. Sheet No
Original Sheet 1	Schedule of Rates	
Original Sheet 2	Notice	
Original Sheet 3	Table of Contents	
Original Sheet 4	Territory Served	
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Public Utilities Commission of the State of Colorado  
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<u>Colorado P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Cancels Colorado P.U.C. Sheet No</u>
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Original Sheet SA1	General Terms and Conditions	
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Original Sheet SA5	General Terms and Conditions	

This is the first Advice Letter filing with the Colorado Public Utilities Commission of Tariff Sheets by CWU. These Tariff Sheets describe the service territory of CWU, as well as establish Rate Schedules, Rules and Regulations and General Terms and Conditions under which CWU will provide service to customers within its service territory.

It is anticipated that application of CWU's current rates against an annual usage estimate of 180,000 gallons per residence, should result in water utility base rate revenues of approximately \$255,000 on an annual basis. CNG's proposed rates as contained in the attached Rate Schedules leave the Service and Facility Charge for CWU's W-DC and HW-DC Rate Schedules at their current levels, and, likewise, keep the corresponding Commodity Charges at their current levels. The only change from current rates is the addition of an excess usage commodity charge which is intended to promote water conservation.

The proposed filing would allow the Company an opportunity to earn an 8.41 percent return on equity and a 7.25 percent overall return on rate base. CWU believes a 12.00 percent return to common equity and a 9.30 percent return on rate base is justified for this utility. A Cost of Services Study is attached hereto as Exhibit 1. However, until audited financials are available for at least one full year, CWU does not anticipate modifying the current rates. These rates are shown below:

### CURRENT RATES

<b>Rate Schedule</b>	<b>Estimated Average Monthly Usage 1000s of gallons*</b>	<b>Estimated Current Average Monthly Bill*</b>
<b>W-DC</b>	<b>15</b>	<b>\$85</b>
<b>W-DC Excess Usage</b>	<b>Unknown (New Rate Schedule)</b>	<b>Unknown (New Rate Schedule)</b>
<b>HW-DC</b>	<b>Unknown</b>	<b>Unknown</b>

\* Estimated monthly usage and monthly bill information for Rate Schedule W-DC has been extrapolated from a combination of estimated and actual customer usage data. Actual customer usage data for the period of October 2004 through April 2005 was unavailable to CWU and, therefore, CWU was required to use estimated customer usage for this period. Actual customer usage data did, however, become available to CWU for the period of May through September, 2005. Customers of the Company receiving water service as of the date of this filing will be notified of this filing by individual notice mailed by USPS First Class mail on October 19, 2005. A copy of the official notice is attached hereto as Exhibit 2.

It is requested that the tariffs accompanying this Advice Letter become effective on November 19, 2005.

Public Utilities Commission of the State of Colorado  
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If you have any questions, please contact Tim Johnston at 720-981-2112.

Please send copies of all notices, pleadings, correspondence, and other documents regarding this filing to:

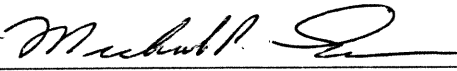
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By:   
Michael P. Earnest, President & CEO

**COLORADO WATER UTILITY, INC.**

PO Box 270868  
Littleton, CO 80127

Exhibit 1, 'C05-1361  
CO PUC No. 1

Original \_\_\_\_\_ Sheet No. 1  
Cancels \_\_\_\_\_ Sheet No. \_\_\_\_\_

SCHEDULE OF RATES  
FOR  
WATER SERVICE AVAILABLE  
IN THE ENTIRE TERRITORY SERVED  
BY  
COLORADO WATER UTILITY, INC.

Advice Letter  
Number 1 Issue Date October 19, 2005

Michael P. Earnest, President  
7810 Shaffer Parkway, #120, Littleton, CO 80127

Decision  
Number C05-1219

Effective  
Date November 19, 2005

**COLORADO WATER UTILITY, INC.**

PO Box 270868  
Littleton, CO 80127

CO PUC No. 1

Original \_\_\_\_\_ Sheet No. 2  
Cancels \_\_\_\_\_ Sheet No. \_\_\_\_\_

NOTICE

This Tariff is the initial tariff for  
Colorado Water Utility, Inc.

Advice Letter

Number 1

Issue Date October 19, 2005

Michael P. Earnest, President  
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CO PUC No. 1

Original \_\_\_\_\_ Sheet No. 4  
Sheet No. \_\_\_\_\_

Cancels \_\_\_\_\_

TERRITORY SERVED

Water Service is supplied in the following territory and in the cities, towns, and communities which are contained within this territory. For rates available see the applicable rate schedules.

DEER CREEK DIVISION

<u>Township</u>	<u>Range</u>	<u>Sections</u>
7 South	64 West	Sections 6 and 7
7 South	65 West	Sections 1 and 12

This territory includes the following communities:

Deer Creek Farms subdivision, Deer Creek Estates subdivision

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**COLORADO WATER UTILITY, INC.**  
 PO Box 270868  
 Littleton, CO 80127

CO PUC No. 1

Original Sheet No. 3  
 Cancels \_\_\_\_\_ Sheet No. \_\_\_\_\_

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R - Indicates a reduction	
T - Indicates a change in text but no change in rate	
N - Indicates new rate or regulation	
C - Indicates changed regulation	
S - Indicates reissued matter (from another sheet)	
D - Indicates discontinued rate or regulation	
A - Indicates adjustment for roll-in of portions of the GCA	
Sub - Indicates substitute	

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Number 1

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CO PUC No. 1

Original \_\_\_\_\_ Sheet No. 5  
 Cancels \_\_\_\_\_ Sheet No. \_\_\_\_\_

WATER RATES  
 RATE SCHEDULE SUMMATION SHEET  
 DEER CREEK DIVISION

<u>Rate Schedule</u>	<u>Sheet No.</u>	<u>Type of Charge</u>	<u>Billing Units</u>	<u>Base Rate</u>
W-DC	12-13	Service and Facility	---	\$25.00
		Commodity Charge	kgal	\$4.00
		Excess Usage Comm. Charge	kgal	\$9.00
HW-DC		Service and Facility	---	\$50.00
		Commodity Charge	kgal	\$4.00

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**COLORADO WATER UTILITY, INC.**  
PO Box 270868  
Littleton, CO 80127

CO PUC No. 1

Original Sheet No. 6

Cancels \_\_\_\_\_ Sheet No. \_\_\_\_\_

SCHEDULE OF RATES FOR RENDERING SERVICE  
ALL DIVISIONS OF THE COMPANY

To institute or re-institute service .....	\$40.00
To transfer service at a specific location from one customer to another customer where such service is continuous.....	\$20.00
To perform non-gratuitous labor for service work in addition to charges for material:	
Trip Charge.....	\$40.00
(Assessed for trips where no actual labor is performed other than a general diagnosis of the customer's problem)	
For service work during normal working hours, per man-hour....	\$40.00
Minimum Charge, one hour.....	\$40.00
For service work before 8:00 AM or after 5:00 PM Monday through Friday, or at any time on Saturday, per man-hour.....	\$60.00
Minimum Charge, one hour.....	\$60.00
For service work on Sundays and holidays, per man-hour.....	\$80.00
Minimum Charge, two hours.....	\$160.00
To process a check from a customer which is returned to the Company by the bank as non-payable.....	\$30.00

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PO Box 270868  
Littleton, CO 80127

CO PUC No. 1

Original \_\_\_\_\_ Sheet No. 7  
Cancels \_\_\_\_\_ Sheet No. \_\_\_\_\_

WATER RATES

WATER SERVICE

SCHEDULE W-DC

APPLICABILITY

Applicable within the Deer Creek Division served by Colorado Water Utility, Inc., as described on Sheet No. 5. This schedule applies to all customers taking water through meters installed at permanent locations on the system.

MONTHLY RATE

Service and Facility Charge, per customer.....\$25.00

Commodity Charge, all water used up to 30 kgal per month per 1000 gallons (kgal).....\$4.00

Excess Usage Commodity Charge, all water used over 30 kgal per month, per kgal.....\$9.00

MONTHLY MINIMUM.....\$25.00

PAYMENT

Bills for gas service are due and payable within ten days from date of bill.

CONTRACT PERIOD

All contracts under this schedule shall be for a minimum period of thirty days and thereafter until terminated, where service is no longer required, on three days' notice.

RULES AND REGULATIONS

Service supplied under this schedule is subject to the terms and conditions set forth in the Company's Rules and Regulations on file with The Public Utilities Commission of the State of Colorado.

Advice Letter

Number 1

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Decision

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**COLORADO WATER UTILITY, INC.**  
PO Box 270868  
Littleton, CO 80127

Original Sheet No. 8

Cancels \_\_\_\_\_ Sheet No. \_\_\_\_\_

WATER RATES

WATER SERVICE

CONTRIBUTION IN AID TO CONSTRUCTION (CIAC)

Customers receiving service under this schedule will be required to pay a tap fee prior to connection to the Company's system. This fee will be calculated by determining the cost to provide service to the customer and subtracting the sum of 4,000.00, provided that the customer is prepared to begin service within sixty (60) days. For new developments, or for individual customers who wish to have a tap installed, but will not commit to beginning service within 60 days, the fee will be the entire cost to provide service to that customer or new development, and \$4,000.00 per potential tap will be placed into a deposit account and refunded to the entity that paid the deposit at the end of any quarter in which additional customers are added to the system.

WATER AVAILABILITY FEE

In addition to the Contribution in Aid to Construction payment, Colorado Water Utility, Inc. requires that water rights be provided for each tap, in the amount of 1/2 acre foot of water rights within the aquifer that Colorado Water Utility, Inc. uses to supply the service area where the tap is located. In lieu of the provision of these rights, Colorado Water Utility, Inc. may accept a payment for the fair-market value of these rights. This option will be available at the discretion of the Company and will depend on the availability of rights within the area where the tap is located.

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CO PUC No. 1

Original \_\_\_\_\_ Sheet No. 9  
Cancels \_\_\_\_\_ Sheet No. \_\_\_\_\_

WATER RATES

WATER SERVICE

SCHEDULE HW-DC

APPLICABILITY

Applicable within the Deer Creek Division served by Colorado Water Utility, Inc., as described on Sheet No. 5. This schedule applies to all customers taking bulk water on a temporary, non-recurring basis through meters installed at temporary locations on the system. This service shall only be available during times of the year when the night-time minimum temperature does not fall below 35°F. This schedule does not include water used for the purpose of fighting fires. Water for fire-fighting is provided at no cost.

MONTHLY RATE

Service and Facility Charge, per customer.....\$50.00  
Commodity Charge, all water used per 1000 gallons (kgal).....\$4.00

MONTHLY MINIMUM.....\$50.00

PAYMENT

Bills for gas service are due and payable within ten days from date of bill.

CONTRACT PERIOD

All contracts under this schedule shall be for a minimum period of thirty days and thereafter until terminated, where service is no longer required, on three days' notice.

RULES AND REGULATIONS

Service supplied under this schedule is subject to the terms and conditions set forth in the Rules and Regulations on file with The Public Commission of the State of Colorado.

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 PO Box 270868  
 Littleton, CO 80127

CO PUC No. 1

Original \_\_\_\_\_ Sheet No. R1

Cancels \_\_\_\_\_ Sheet No. \_\_\_\_\_

RULES AND REGULATIONS  
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Original \_\_\_\_\_ Sheet No. R2  
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RULES AND REGULATIONS  
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Advice Letter  
Number 1 Issue Date October 19, 2005

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Decision  
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CO PUC No. 1

Original \_\_\_\_\_ Sheet No. R3  
Cancels \_\_\_\_\_ Sheet No. \_\_\_\_\_

**RULES AND REGULATIONS**

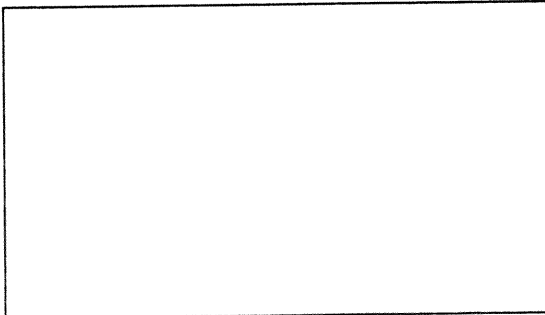
**WATER SERVICE**

**GENERAL STATEMENT**

The following Rules and Regulations, filed with The Public Utilities Commission of the State of Colorado as part of the water tariff of the Company, set forth the terms and conditions under which water service is supplied and govern all classes of service in all territory served by the Company. They are subject to termination, change, or modification, in whole or in part, at any time as provided by the rules of said Commission.

Service furnished by the Company is also subject to the Rules and Regulations of the Public Utilities Commission of the State of Colorado. Copies of the Company's rules are available for any customer's inspection at the offices of the Company.

Any waiver at any time of the Company's rights or privileges under these Rules and Regulations will not be deemed a waiver as to any breach or other matter subsequently occurring.



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COLORADO WATER UTILITY, INC.  
PO Box 270868  
Littleton, CO 80127

CO PUC No. 1\_\_

Original \_\_\_\_\_ Sheet No. R4  
Cancels \_\_\_\_\_ Sheet No. \_\_\_\_\_

RULES AND REGULATIONS

WATER SERVICE

GENERAL

DEFINITION OF TERMS

Billing Unit - A quantity of water expressed in thousands of gallons (kgal).

Commission - "Commission" shall mean the Public Utilities Commission of Colorado.

Company - "Company" shall mean Colorado Water Utility, Inc.

Customer - "Customer" shall mean any person or entity that uses sales or transportation services provided by Company for direct use.

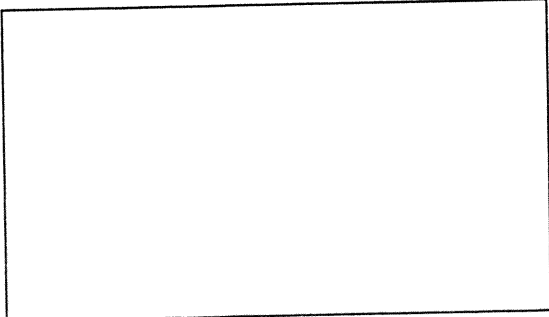
Delivery Point(s) - The point(s) where Company delivers water to the Receiving Party.

Normal Service Pressure - The pressure at which water is delivered to the customer's service, expressed in pounds per square inch, gauge (psig).

Point of Delivery - That point at which the Company delivers water to a customer.

System - The pipelines, compressor stations, regulator stations, meters, gas processing facilities and other related facilities owned by Company and utilized in providing sales and transportation services.

Year - A period of 365 consecutive days or 366 consecutive days if such period includes February 29, unless otherwise specified.



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COLORADO WATER UTILITY, INC.  
PO Box 270868  
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CO PUC No. 1

Original \_\_\_\_\_ Sheet No. R5  
Cancels \_\_\_\_\_ Sheet No. \_\_\_\_\_

RULES AND REGULATIONS

NATURAL WATER SERVICE

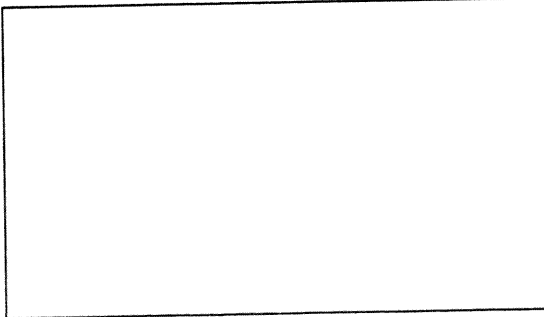
GENERAL

BENEFIT OF SERVICE

An application for water service may be made at any office of the Company. The Company may require any applicant to sign an Application Contract before service is supplied. However, the use of water service constitutes an agreement under which the user receives water service and agrees to pay the Company therefore in accordance with the applicable rate schedules, rules and regulations.

CHOICE OF RATES

The Schedule of Rates is on file at the offices of the Company and available to applicant for service. Applicant shall elect under which rate schedule service shall be supplied subject to the terms and conditions of the individual rate schedule. When there are two or more rate schedules applicable to any class of service Company will, upon request of applicant, explain the conditions, character of installation or use of service governing the several rate schedules and assist in the selection of the rate schedule. Applicant, however, shall be responsible for the final selection of said rate schedule and Company assumes no liability therefore.



Advice Letter  
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CO PUC No. 1\_\_

Original \_\_\_\_\_ Sheet No. R6  
Cancels \_\_\_\_\_ Sheet No. \_\_\_\_\_

RULES AND REGULATIONS

WATER SERVICE

GENERAL

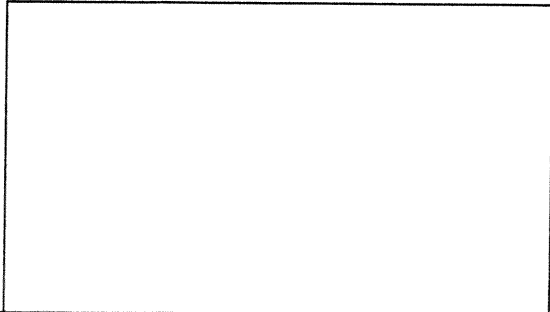
CHARGES FOR RENDERING SERVICE

Appropriate charges to customers will be made at the time service is instituted or re-instituted, or in the event that service at a specific location is transferred from one customer to another. Charges will also be made to customers for all service work performed for customers on customer's premises except for gratuitous services provided by Company. Service work performed at other than regular working hours shall be subject to overtime rates. Charges are set forth on the tariff sheet entitled Schedule of Charges for Rendering Service. These charges are to offset Company's costs for such service work and transactions and are in addition to all other customer charges for utility service, for customer deposits and for required charges under Company's filed extension policy.

Gratuitous services to customers by the Company will not be charged to the customer. Such gratuitous services are limited to the following:

1. All emergency calls where permanent materials and facility replacement is not performed.
2. Bill investigations.
3. Customer service complaint investigations.
4. Maintenance of Company facilities.

To compensate Company for the cost of processing bad checks, the Company will make a charge to any customer whose check for payment to the Company is returned by the bank as not payable. The amount of the charge is stated on the tariff sheet entitled Schedule of Charges for Rendering Service.



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CO PUC No. 1

Original Sheet No. R7  
Cancels \_\_\_\_\_ Sheet No. \_\_\_\_\_

RULES AND REGULATIONS

WATER SERVICE

GENERAL

MONTHLY BILLS

Bills for service will be rendered monthly. The term "month" for billing purposes means the period between any two consecutive regular readings by the Company of the meters at the customer's premise(s), such readings to be taken as nearly as may be practicable every thirty days. However, the Company reserves the right to require payment of bills for service at more frequent intervals. In such event, meters will be read at the intervals specified by the Company. If the Company is unable to read a meter after reasonable effort, the customer will be billed on an estimated usage based on the best available information.

If an initial or final bill is for a period less than the "monthly" billing period described above, billing will be prorated using a ratio of the number of days between actual read dates, to the number of days between the scheduled and actual read dates.

All bills for service, including any excise tax imposed by governmental authority, are due and payable at an office of the Company, or to an authorized agent of the Company, not later than the due date shown on the bill. The bill will be considered as received by the customer when mailed to, or left at, the location where service is used or at some other location that has been mutually agreed upon. Final bills, weekly bills, special bills, and bills for connection and reconnection are due on presentation. If the customer fails to receive a bill, the Company, upon request, will issue a duplicate. However, failure to receive a bill in no way exempts the customer from payment for service rendered.

When Company for any reason submits a bill to a customer for utility service which contains an estimated reading or a no charge, Company will include on such bill a notice informing customer that the bill does contain an estimate or no charge. Also included on such bill will be a statement requesting customer to call Company so an accurate meter reading may be obtained. In all bills for additional charges resulting from a period of estimated or skipped billings, Company will include a written notice of customer's right to pay such additional charges in installments, where such charges were not the result of meter inaccessibility to read his own meter.

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Michael P. Farnest, President  
7810 Shaffer Parkway, #120, Littleton, CO 80127

Decision  
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PO Box 270868  
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RULES AND REGULATIONS

WATER SERVICE

GENERAL

MONTHLY BILLS - Cont'd

If a customer gives notice at the Company's office prior to the time that payment is due that the correctness of the bill is disputed, stating reasons therefore, the Company will investigate the complaint. However, such notice disputing correctness of a bill shall not be sufficient reason for withholding payment. If the bill is found to be incorrect, the Company will refund the amount of overpayment or credit the amount of overpayment to the next bill rendered.

TEMPORARY OR INTERMITTENT SERVICE

If service to customer is to be temporary or intermittent, service connection and any main construction involved will be at option of Company as set forth in Company's Service Lateral Connection and Main Extension Policy.

POSSESSION OF WATER

Company shall be in control and possession of the water deliverable to Customer and responsible for any damage or injury caused thereby, until the same shall have been delivered to Customer at the delivery point or points, after which delivery Customer shall be deemed to be in exclusive control and possession thereof and responsible for any such injury or damage.

CUSTOMER'S INSTALLATION

Concurrently with or prior to requesting water service the customer shall submit to Company on forms supplied by Company, written data detailing the service requested, to enable Company to determine if the type of service, quantity, capacity, and pressure desired by customer is available; to determine if extensions of, or additions to, Company's facilities will be required; and to secure definite location of the point of delivery, i.e., point where Company's water facilities will connect to those of customer. Before any additions to or alterations of existing installations are made by customer which will materially affect the amount of service required, or which may require a change in the type of service or the point of delivery, the Company must be notified reasonably in advance of such additions or alterations in order that the Company's facilities may be arranged for and completed.

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**RULES AND REGULATIONS**

**WATER SERVICE**

**GENERAL**

CUSTOMER'S INSTALLATION - Cont'd

Company accepts no liability for injury or damage caused by defects in customer's piping or equipment. The customer MUST provide adequate, testable anti-syphon valves installed at a point upstream of any sprinkler system.

When the Company is required by order of properly constituted authorities to move or alter its existing distribution system, thereby necessitating a change in the location of the service lead and the point of delivery, the Company will designate a new point of delivery and bear the expense of relocation of Company facilities to that point, and customer, at his expense, will bring his piping to that new point of delivery.

Service will be delivered to the customer for each premise at one point of delivery designated by the Company. For the mutual protection of the customer and the Company, only authorized employees, agents of the Company, or persons holding a Master Plumbers license issued by the State of Colorado are permitted to make connections between the Company's water service and the customer's piping.

The Company reserves the right to require the customer to reimburse the Company for any cost due to a change in meters or other apparatus or in their location made at the request of the customer. Meters and other equipment of the Company will be removed or relocated only by employees or agents of the Company.

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RULES AND REGULATIONS

WATER SERVICE

GENERAL

PROTECTION OF SUBSURFACE FACILITIES

Customer shall consult Company regarding necessity of changing location of water service before building any improvement, addition or structure over the water service pipe or in the vicinity of Company's facilities. Customer shall notify Company before undertaking any type of excavation or change in surface grade of customer's property, or operating or permitting the operation of any power excavating or ditching equipment in the proximity of Company's underground water service on customer's premises.

LIABILITY

All mains, services, apparatus, instruments, meters, and materials supplied by Company at its expense or under its standard policies will be and remain the property of the Company. Company's property shall not be worked upon or interfered with by customer or other unauthorized persons.

The customer shall be responsible for any damage to or loss of Company's property located on customer's premises, caused by or arising out of the negligence of customer or customer's agents, employees, licensees, or invitees, or the misuse or unauthorized use of Company's property by customer or customer's agents, employees, licensees, or invitees. The cost of making good such loss and/or repairing such damage shall be paid by the customer. Customer shall be held responsible for injury to Company's employees if caused by customer's negligence.

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RULES AND REGULATIONS

WATER SERVICE

GENERAL

LIABILITY - Cont'd

The customer shall be responsible for any injury to persons or damage to property occasioned or caused by the negligence of the customer or any of customer's agents, employees, licensees or invitees in installing, maintaining, operating or using any of the customer's piping, equipment, machinery or apparatus, and for injury and damage caused by defects in the same.

Company shall not be liable for injury to persons, damage to property, monetary loss, or loss of business caused by accidents, acts of God, fires, floods, strikes, wars, authority or orders of government, or any other causes and contingencies beyond its control.

INDEMNITY TO COMPANY

Customer shall hold the Company harmless and indemnify it against all claims and liability for injury to persons or damage to property when such damage or injury results from or is occasioned by the facilities located on customer's side of the point of delivery unless caused by the negligence or wrongful acts of Company's agents or employees. "Customer" and "Company" as used herein shall include without limitation the agents, employees, licensees or contractors of each of said parties, or persons acting with permission or authorization from the respective parties.

PRIORITY OF SERVICE

In case of a shortage of supply, Company shall have the right to limit the availability of service under any rate schedule.

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**RULES AND REGULATIONS**

**WATER SERVICE**

**GENERAL**

**DIVERSION OF WATER**

The existence of water taps installed ahead of the meter or any tampering or interfering with pipes, devices, or equipment connected to Company's distribution system or the damage to, alteration, or obstruction of any meter (including the breaking of meter seals) which will permit or make possible the use of water without its proper registration on Company's meter shall constitute prima facie evidence of diversion of water by the customer in whose name service is being rendered, or by the person benefiting from the use of such diverted water. In the event that a Company check meter registers more water in the same interval of time than does the meter installed at customer's premises after such meters shall have been tested and found to be registering within the limits of accuracy prescribed by The Public Utilities Commission of the State of Colorado, such fact shall also constitute prima facie evidence of diversion of water.

In such instances, Company will, in any reasonable manner, compute the amount of diverted water. Where Company is unable to make such count, the computation will be based upon any other available information, or estimated. Such computation or estimate shall be made for the period beginning with the date on which customer began using water at the location where the diversion occurred, unless evidence proves the diversion commenced at a later date, and ending with the date on which such diversion ceased. Bills for water diverted, based upon the aforesaid computation or, where necessary, upon estimation, under the applicable rate in effect during the period of diversion, plus the cost of investigating and confirming such diversion, disconnecting service, equipment damages and other related items shall be due and payable in accordance with the Company's tariffs.

If service has been discontinued for failure to comply with any of the Company's rules and regulations and a diversion of water has been confirmed subsequent to discontinuance, the Company will not render service to customer, or to any other person for customer's use, until the Customer has paid or made appropriate arrangements (when applicable) with the Company for the payment of all charges relating to the diversion of water and for all past due bills for service rendered at the same location; and (2) the Company confirms that the cause for the discontinuance of service, and the payment of such bills, has been cured. Payment arrangements shall be required in any case where the customer has defaulted on an i

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RULES AND REGULATIONS

WATER SERVICE

GENERAL

DIVERSION OF WATER - Cont'd

If service has been discontinued for diversion of water and the Customer has in the past refused or restricted access to the Company's meter reading equipment, the Company will not render service to the Customer or to any other person for the Customer's use, at the same location until the Customer has arranged with the Company for the installation of, or has installed at the Customer's expense, such entrance and service equipment as is necessary to prevent further diversion of water.

The foregoing rules pertaining to diversion of water in no way affect or modify any action or prosecution under the laws of the State of Colorado.

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**RULES AND REGULATIONS**

**WATER SERVICE**

**GENERAL**

EASEMENTS

A contract for water service, or receipt of service by customer, will be construed as an agreement granting to Company an easement for water mains, services, meters and other equipment of Company necessary to render service to customer. If requested by Company, customer, before service is connected, will execute Company's standard form of right-of-way agreement, granting to Company, at no expense therefore, satisfactory easements for suitable location of Company's mains, services, meters and metering equipment, and other appurtenances on or across lands owned or controlled by customer, and will furnish space and shelter satisfactory to Company for all apparatus of Company located on customer's premises. In the event that customer shall divide premises by sale in such manner that one part shall be isolated from streets where Company's water mains are accessible, customer shall grant or reserve an easement for water service over part having access to water mains for the benefit of the isolated part.

ACCESS FOR COMPANY'S EMPLOYEES

The customer will provide access to his premises at all reasonable times for authorized employees of the Company for any proper purpose incidental to the supplying of water service.

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**RULES AND REGULATIONS**

**WATER SERVICE**

**GENERAL**

RESALE OF WATER

Water service supplied by the Company is for the exclusive use of the customer. Consequently, the customer will not be permitted by submetering, to determine a quantity of water and resell the same as such to any other person or persons on the customer's premises or for use on any other premises. A master-metered customer may, however, check-meter tenants, lessees, or other persons to whom ultimately the water is distributed for the purpose of reimbursing the master-metered customer by an appropriate allocation procedure. The Company reserves the right to refuse to furnish water service to any customer where the purchase of such service is for the purpose of resale by customer to others. In the event water is resold in conflict herewith, Company shall have the right to discontinue service to customer.

COMPLAINTS

The Company will investigate promptly all complaints made by its customers and will keep a record of all written complaints which record will include: the name and address of the complainant, the date, the nature of the complaint, and the adjustment or disposition made thereof. This record will be kept at least two years after the date of the complaint.

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**RULES AND REGULATIONS**

**WATER SERVICE**

**STANDARDS**

SYSTEM OPERATION AND MAINTENANCE

The Company will construct, operate and maintain its water systems in such manner as to furnish good, safe, adequate and continuous water service in accordance with the Rules and Regulations of the Public Utilities Commission of the State of Colorado.

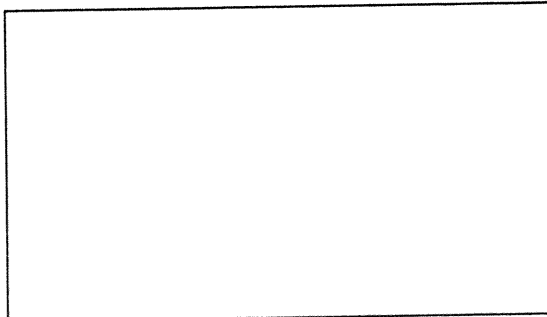
a. The Company will exercise reasonable diligence and care to furnish and deliver a continuous and sufficient supply of water and to avoid any shortage of same and, excepting interruptible service, interruption of same. However, Company will not be liable for interruption, shortage, or insufficiency in the supply of water, or for any injury, loss, or damage occasioned thereby, if same is due to causes or contingencies beyond the control of the Company including but not limited to accidents, breakdown of equipment, acts of God, authority and orders of government, flood, storms, fires, strikes, riots, or war.

b. The Company, whenever it shall find it necessary for the purpose of making repairs or improvements to its systems, will have the right to temporarily suspend the delivery of water.

c. Interruptions of service, however, will not relieve customer from any charges for service actually supplied, nor will accidents to customer's equipment or machinery, or failure of customer's installation, not due to fault of Company, relieve customer of payment of minimum charges under the rate schedule or contract applicable.

PRESSURE

For service at normal delivery pressure water will be delivered at a pressure between 45 and 60 psig.



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**RULES AND REGULATIONS**

**WATER SERVICE**

**STANDARDS**

**MEASUREMENT OF SERVICE**

Usage Determination

Water usage determination shall be done by metering which conforms to the American Water Works Association Standard C-700.

New Measurement Techniques

If, at any time during the term hereof, a new standard method or technique is developed in the water industry for water measurement, the Company may substitute such new method or technique.

**MEASUREMENT EQUIPMENT AND TESTING**

Testing Equipment

The Company will provide such testing equipment and instrumentation as may be necessary to comply with the Rules and Regulations of The Public Utilities Commission of the State of Colorado. The Company shall operate such equipment with standard methods in general use in the water industry. The Company will exercise reasonable means to determine and maintain the general accuracy of all water measurement equipment.

Measurement Equipment

The Company will install, maintain, and operate, or cause to be installed, maintained, and operated, measuring stations equipped with flow meters and/or other necessary metering and measuring equipment by which the billing unit of water delivered shall be determined.

Accuracy and Routine Testing

The Company will exercise reasonable means to determine and maintain the general accuracy of all water meters in use. All meters will be tested for accuracy of adjustment and registration before installation and if inaccuracy is found, such meters shall be adjusted to register within one percent of accuracy.

Testing upon Request

The Company, at any time, may test at the request of a customer, the Company will test installed at customer's premises. The cost of the Company if the meter is found to be inaccurate by more than 2%, and by the customer if the meter is found to be accurate within 2%.

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RULES AND REGULATIONS

WATER SERVICE

STANDARDS

MEASUREMENT EQUIPMENT AND TESTING - Cont'd

Measurement Errors

If, upon any test, any measuring equipment is found to be inaccurate, such equipment shall be adjusted to measure accurately. In the event any measuring equipment is out of service or is found registering inaccurately and the error is not determinable by test, or by previous recording, receipts or deliveries through such equipment shall be estimated based upon the first of the following methods which is feasible:

- (a) By using the registration of any check meter or meters, if installed and accurately registering, or, in the absence of (a);
- (b) By correcting the error if the percentage of error is ascertainable by calibration, special test, or mathematical calculation, or, in the absence of (a) and (b);
- (c) By estimating the quantity of water received or delivered based on receipts or deliveries during preceding periods under similar conditions when the measuring equipment was registering accurately.

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**RULES AND REGULATIONS**

**WATER SERVICE**

**STANDARDS**

WATER BILLING

Billing Units

For the purpose of billing water, the following billing units shall be used:

- a. Rate Classes W and HW. The billing unit shall be thousands of gallons (kgal).

Billing Errors

The Company will exercise all reasonable means to assure accurate computation of all bills for water service. Customer agrees to accept the Company's accounting for water measurement and billing. In the event errors in billing occur, Company shall refund to customer the amount of any overcharge having resulted therefrom and, likewise, shall have the right to collect from customer the amount of any undercharge. The time period for billing and collection for billing errors shall be limited to six months. The provisions of this tariff sheet shall not apply to meters that have been bypassed or in any way involved in energy diversion or in cases of subterfuge.

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RULES AND REGULATIONS

WATER SERVICE

STANDARDS

WATER QUALITY SPECIFICATIONS

The Company is regulated by the Colorado Department of Public Health, and will maintain water quality within the specifications required by that regulatory body.

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RULES AND REGULATIONS

WATER SERVICE

SERVICE LATERAL CONNECTION AND DISTRIBUTION MAIN EXTENSION POLICY

These Rules and Regulations set forth the Service Lateral Connection and Distribution Main Extension Policy of the Company available in all territory served by the Company.

GENERAL PROVISIONS

The provisions of this policy are subject to the applicable Rules and Regulations of The Public Utilities Commission of the State of Colorado and to the Company's Rules and Regulations on file with said Public Utilities Commission.

When one or more Applicants request water service at premises not connected to the Company's distribution system or request an increase in service to premises already connected where such increase necessitates additional investment, Company, after consideration of Applicant's water requirements, will design and estimate the cost of the extension, expansion, or other changes necessary to provide the requested service. The determination of facility type and routing will be made by Company to be consistent with the characteristics of the territory in which service is to be rendered and the nature of Company's existing facilities in the area.

In all cases, the facilities provided will be constructed by the Company or its designated agent in accordance with the Company's specifications, standards and procedures, and shall be, at all times, the property of the Company to the point of delivery. Distribution extension contracts will be based upon the Company's estimate of the cost of constructing and installing the facilities necessary to adequately supply the service requested by Applicant. Such cost will include the cost of all materials, labor, rights-of-way, etc., together with all incidental and overhead expenses connected therewith. Where special items, not incorporated in said specifications, are required to meet local construction conditions, the cost thereof will also be included.

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RULES AND REGULATIONS

WATER SERVICE

SERVICE LATERAL CONNECTION AND DISTRIBUTION MAIN EXTENSION POLICY

DEFINITION OF TERMS

Distribution Extension

Distribution or supply main, including all appurtenant facilities necessary to supply service to additional customers.

Distribution Reinforcement

Increase in size or number of existing facilities necessitated by Applicant's estimated water requirements.

Extension Completion Date

The date on which the construction of a Distribution Extension or Distribution Reinforcement is completed as shown by the Company's records.

Construction Costs of Distribution Facilities

The combined costs of all facilities necessary to the Distribution Extension or Distribution Reinforcement, including satisfactory rights-of-way.

Construction Allowance

That portion of necessary construction made by the Company at its expense.

Construction Payment

Amount advanced by Applicant to pay all construction costs in excess of Construction Allowance.

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RULES AND REGULATIONS

WATER SERVICE

SERVICE LATERAL CONNECTION AND DISTRIBUTION MAIN EXTENSION POLICY

DEFINITION OF TERMS - Cont'd

Refund of Construction Payment

Amount of Construction Payment returned to customers or assignees by the Company.

Service Laterals

The supply pipe extending from the distribution main to and including the first valve on the main side of the meter.

Meter Piping

Pipe and fittings necessary to extend from end of service lateral to meter location.

Point of Delivery

Point where the Company's water facilities are first connected to the water facilities of the customer. The location of the point of delivery will be determined by Company in accordance with standard practice or as individual circumstances may dictate.

Meter Location

The physical location of the water meter measuring the amount of water supplied to customer. Meter locations in all instances will be determined by Company and will be located so as to be accessible to Company's meter readers at all times.

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**RULES AND REGULATIONS**

**WATER SERVICE**

**SERVICE LATERAL CONNECTION AND DISTRIBUTION MAIN EXTENSION POLICY**

**WATER METER AND PIPING INSTALLATIONS**

Company will furnish the appropriate meter to supply Applicant's requirements and install same along with associated meter piping. Applicant will provide all facilities necessary for proper meter installation in conformance with Company requirements for such installation. Separate charges will be made for meter piping to additional meter locations in the same building except in the case of a meter header.

Title to service lateral, meter piping and meters shall at all times vested in Company.

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**RULES AND REGULATIONS**

**WATER SERVICE**

**SERVICE LATERAL CONNECTION AND DISTRIBUTION MAIN EXTENSION POLICY**

CONSTRUCTION ALLOWANCE AND CONSTRUCTION PAYMENTS

PLAN A - PERMANENT SERVICE

Plan A is applicable to gas Distribution Extensions where the use of service is to be permanent and where a continuous return to Company of sufficient revenue to support the necessary investment is assured.

For water service of a permanent character, the Company will install at its expense, necessary Distribution Extension facilities equivalent in cost of the gross embedded investment per customer as a Construction Allowance. The annual volume portion of the Construction Allowance shall be the product of the Company's estimate of the Applicant's annual usage times the derived gross embedded investment per kgal. The Construction Allowance is as shown on the Sheet entitled Construction Allowance.

The above allowance is subject to review and appropriate revision by filing of a new Construction Allowance with The Public Utilities Commission within 30 days following a final decision in a Company rate proceeding, based on the appropriate gross distribution investment amounts included in that proceeding. A review and recalculation of Construction Allowance will be made at least once a year, unless Company receives authorization for a waiver of recalculation.

Applicant or Applicants shall be required to pay to Company as a Construction Payment all estimated costs for water distribution facilities necessary to serve Applicant or Applicants in excess of the Construction Allowance. Said Construction Payment shall be refundable in part or in its entirety during a five-year period commencing with the Extension Completion Date. At the end of said five-year period any remaining Construction Payment becomes non-refundable.

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**COLORADO WATER UTILITY, INC.**

PO Box 270868  
Littleton, CO 80127

Exhibit 1, C05-1361  
CO PUC No. 1

Original Sheet No. SL6  
Cancels \_\_\_\_\_ Sheet No. \_\_\_\_\_

RULES AND REGULATIONS

WATER SERVICE

SERVICE LATERAL CONNECTION AND DISTRIBUTION MAIN EXTENSION POLICY

CONSTRUCTION ALLOWANCE AND CONSTRUCTION PAYMENTS - Cont'd

PLAN B - TEMPORARY SERVICE

Plan B is applicable to water Distribution Extensions where service is of a known temporary nature.

For water service of a temporary character, Applicant or Applicants shall be required to pay to Company as a Construction Payment an amount equal to the estimated cost of installing and removing all necessary water Distribution Extension facilities less the estimated salvage value. If temporary service is continued for more than eighteen months following the Extension Completion Date the nature of such continued service will be evaluated and, if appropriate, reclassified as Permanent Service.

Advice Letter

Number 1

Issue Date October 19, 2005

Michael P. Earnest, President  
7810 Shaffer Parkway, #120, Littleton, CO 80127

Decision

Number C05-1219

Effective

Date November 19, 2005

COLORADO WATER UTILITY, INC.  
PO Box 270868  
Littleton, CO 80127

Exhibit 1, C05-1361  
CO PUC No. 1

Cancels \_\_\_\_\_ Original \_\_\_\_\_ Sheet No. SL7  
Sheet No. \_\_\_\_\_

RULES AND REGULATIONS

WATER SERVICE

SERVICE LATERAL CONNECTION AND DISTRIBUTION MAIN EXTENSION POLICY

CALCULATION AND PAYMENTS OF REFUNDS

Distribution Extensions requiring customer Construction Payments are subject to refunds during the five-year period commencing with the Extension Completion Date. Such refunds will be made in conformance with the provisions applicable to refunds under the appropriate plan under which the extension is classified. No refunds will be made after the five-year period following the Extension Completion Date and any remaining un-refunded customer Construction Payment becomes permanent and no longer subject to refund for any reason. In no case shall refunds be made which exceed in total the total amount of Construction Payment made by any customer. In no event shall any customer who has terminated service be eligible for any refund after such termination.

Advice Letter  
Number 1

Issue Date October 19, 2005

Michael P. Earnest, President  
7810 Shaffer Parkway, #120, Littleton, CO 80127

Decision  
Number C05-1219

Effective  
Date November 19, 2005

**COLORADO WATER UTILITY, INC.**

CO PUC No. 1\_\_

PO Box 270868  
Littleton, CO 80127

Original \_\_\_\_\_ Sheet No. SI.8  
Cancels \_\_\_\_\_ Sheet No. \_\_\_\_\_

**RULES AND REGULATIONS**

**WATER SERVICE**

**SERVICE LATERAL CONNECTION AND DISTRIBUTION MAIN EXTENSION POLICY**

CALCULATION AND PAYMENTS OF REFUNDS - Cont'd

PLAN A - PERMANENT SERVICE

Construction Payments made under a Plan A extension shall be subject to refund without interest during the five-year period following the Extension Completion Date as follows:

For each additional Permanent Service customer connected directly to a water Distribution Extension upon which there is unrefunded Construction Payment remaining, Company will recalculate the extension considering the costs of any additional facilities and considering the Construction Allowance provided by such additional customer or customers, as well as appropriate sharing of Construction Payment requirements among all customers to be served by the water Distribution Extension. Construction Payments or executed Construction Payment Agreements that are required of each additional customer or customers must be made prior to connection of water service laterals. Refunds of customer Construction Payments, where appropriate, will be calculated and paid once each quarter during the refund period and at a time determined by Company. Each customer having made a Construction Payment will receive as a refund the amount necessary, if any, to adjust his Construction Payment to the proper level considering the additional customers served from the extension and considering the Construction Allowance effect, if any, from a subsequent extension.

In the case of a subsequent extension made from an extension on which there are remaining unrefunded customer Construction Payments and where the initial calculated Construction Allowance from customers on said subsequent extension would exceed the construction costs for such extension, the excess Construction Allowance will be credited to the extension on which there is remaining unrefunded customer Construction Payments and become a part of the annual refunds made thereon.

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Number 1

Issue Date October 19, 2005

Michael P. Earnest, President  
7810 Shaffer Parkway, #120, Littleton, CO 80127

Decision

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Exhibit 1, C05-1361  
CO PUC No. 1

Original Sheet No. SL9  
Cancels \_\_\_\_\_ Sheet No. \_\_\_\_\_

RULES AND REGULATIONS

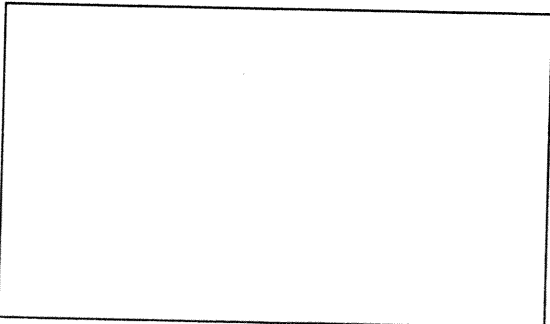
WATER SERVICE

SERVICE LATERAL CONNECTION AND DISTRIBUTION MAIN EXTENSION POLICY

CALCULATION AND PAYMENTS OF REFUNDS - Cont'd

PLAN A - PERMANENT SERVICE - Cont'd

Additional customers of a Temporary Service classification can be served from a Plan A extension on which un-refunded customer Construction Payments remain only after first allocating a portion of the construction costs of the Plan A extension on a permanent basis to such Temporary Service customers. The portion of customer Construction Payments required from such Temporary Service customers resulting from said allocation will correspondingly reduce the responsibility of customers on the Plan A extension and become a part of the annual refund made to such customers.



Advice Letter  
Number 1

Issue Date October 19, 2005

Michael P. Earnest, President  
7810 Shaffer Parkway, #120, Littleton, CO 80127

Decision  
Number C05-1219

Effective  
Date November 19, 2005

**COLORADO WATER UTILITY, INC.**

PO Box 270868  
Littleton, CO 80127

CO PUC No. 1

Original

Sheet No. SL10

Sheet No. \_\_\_\_\_

Cancels \_\_\_\_\_

**RULES AND REGULATIONS**

**WATER SERVICE**

**SERVICE LATERAL CONNECTION AND DISTRIBUTION MAIN EXTENSION POLICY**

PLAN B - TEMPORARY SERVICE

No refund of Construction Payments for Temporary Service will be made unless the subject extension is subdivided by the addition of Permanent Service customers.

Customers of a Permanent Service classification can be served from a Plan B extension only after first allocating a portion of the costs of the Plan B extension on a permanent basis to such Permanent Service customers. The portion of customer Construction Payments required from said Permanent Service customers resulting from said allocation will be refunded to customers on the Plan B extension.

A Temporary Service customer continuing to require service after an eighteen-month period will be subject to reevaluation as to the nature of service. If appropriate, such customer and the associated construction may be reclassified as Permanent Service with costs and refund considerations being reevaluated based on the original extension costs and completion dates. In no event shall the total amount refunded to any customer exceed the total Construction Payment made by that customer.

REINFORCEMENTS

Where water distribution system reinforcement is required for serving a residential Applicant's total requirements, Company will make such reinforcements at its expense. For other customers any required reinforcement shall generally recognize the construction cost, Construction Allowance and customer Construction Payment provisions of this extension policy in accordance with individual agreements between Applicant and Company based upon the amount, character and permanency of the load.

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Issue Date October 19, 2005

Michael P. Earnest, President  
7810 Shaffer Parkway, #120, Littleton, CO 80127

Decision

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Cancels \_\_\_\_\_ Original \_\_\_\_\_ Sheet No. SI 11  
Sheet No. \_\_\_\_\_

RULES AND REGULATIONS

WATER SERVICE

SERVICE LATERAL CONNECTION AND DISTRIBUTION MAIN EXTENSION POLICY

APPLICABILITY LIMITATION

The foregoing extension policy applicability is limited by the following conditions: The Company's estimated construction costs and customer deposit requirements as calculated for each extension will become void following a period of 120 days from the time an extension request is received by Company or a period of 60 days following a written estimate being provided by Company, whichever period ends later. If an extension agreement in writing is not fully executed before that time it will be necessary, at the Company's option, to either extend said time period or for new estimates to be made incorporating the then current construction costs and also incorporating the then effective terms and conditions of the Company's extension policy as on file and in effect with The Public Utilities Commission of the State of Colorado. Construction estimates will not be made for any portion of a construction project that cannot be completed in a normal manner, i.e., following accepted construction practices, within 120 days after execution of the extension agreement, which amount will be determined in an engineering estimate prepared by the Company at the time the written estimate is prepared and such amount will be specified in the written estimate. Any construction which is not completed in a normal manner, i.e., following accepted construction practices, within the 120-day period from the execution of the extension agreement will be deleted from the agreement and deposit requirements will be adjusted accordingly, unless the delay is caused by the Company, in which event the deposit will become interest bearing, the Company to pay interest at the rate it currently pays on residential security deposits, and the construction will not be deleted from the agreement.

Advice Letter

Number 1

Issue Date October 19, 2005

Michael P. Earnest, President  
7810 Shaffer Parkway, #120, Littleton, CO 80127

Decision  
Number C05-1219

Effective  
Date November 19, 2005

COLORADO WATER UTILITY, INC.  
PO Box 270868  
Littleton, CO 80127

CO PUC No. 1

Original

Sheet No. SL12

Sheet No. \_\_\_\_\_

Cancels \_\_\_\_\_

RULES AND REGULATIONS

WATER SERVICE

SERVICE LATERAL CONNECTION AND DISTRIBUTION MAIN EXTENSION POLICY

CONSTRUCTION ALLOWANCE BY SERVICE CLASS

Service Class and Rate Schedules

Construction Allowance

Schedule W-DC.....

\$4000

WATER AVAILABILITY FEE BY SERVICE CLASS

Service Class and Rate Schedules

Water Availability Fee

Schedule W-DC Residential.....

1/2 Acre-foot of Water Rights or  
Equivalent Fair Market Value

Schedule W-DC Commercial.....

Water Rights or Equivalent Fair  
Market Value of Required Annual  
Volume Water Rights

Advice Letter

Number 1

Issue Date October 19, 2005

Michael P. Earnest, President  
7810 Shaffer Parkway, #120, Littleton, CO 80127

Decision

Number C05-1219

Effective

Date November 19, 2005

**COLORADO WATER UTILITY, INC.**  
PO Box 270868  
Littleton, CO 80127

Cancels \_\_\_\_\_ Original \_\_\_\_\_ Sheet No. SA1  
Sheet No. \_\_\_\_\_

GENERAL TERMS AND CONDITIONS

WATER SALES SERVICE

These General Terms and Conditions apply to Water Sales Service in all territory served by the Company.

DEFINITION

Water Sales Service is the furnishing of water for the exclusive use of the individual customer through a single meter.

DEPOSITS AND REFUNDS

Existing customers shall not be required to place a deposit with the Company, if the customer has a satisfactory credit record with the Company in accordance with (1) below. For this purpose an existing customer shall include customers who change location if service is initiated at a new location within two weeks of discontinuance of service at the old location and customer advises the Company prior to discontinuance at the old location of intent to take service at the new location.

Applicants for service who are divorced or widowed and whose former spouse met the above requirements shall not be required to place a deposit with the Company. Applicants who are divorced or widowed and whose former spouse had a satisfactory credit record with the Company in accordance with (1) below shall be deemed to have a satisfactory credit record with the Company themselves and shall not be required to make a deposit.

Advice Letter  
Number 1 Issue Date October 19, 2005

Michael P. Earnest, President  
7810 Shaffer Parkway, #120, Littleton, CO 80127

Decision  
Number C05-1219

Effective  
Date November 19, 2005

COLORADO WATER UTILITY, INC.  
PO Box 270868  
Littleton, CO 80127

Original

Sheet No. SA2  
Sheet No. \_\_\_\_\_

Cancels \_\_\_\_\_

GENERAL TERMS AND CONDITIONS

WATER SALES SERVICE

DEPOSITS AND REFUNDS - Cont'd

All new applicants for water service, including former customers who have had a discontinuity in service shall be subject to the following deposit considerations;

- (1) Applicants who have previously received service from the Company for at least nine (9) consecutive months within the last three (3) years and who maintained a satisfactory credit record during the most recent nine (9) consecutive months of previous service, will be classified as an "old customer" and will not be required to make a deposit. A satisfactory credit record is defined as no discontinuance of service during the most recent nine (9) consecutive months of previous service and if service was not discontinued, less than three (3) notices of discontinuance were issued during that time.
- (2) If applicant for service does not meet the above requirement, Company will classify applicant as a "conditional customer," and will require the deposit of a sum equal to an estimated thirty days bill, based on actual previous winter usage wherever possible. Such deposit is not an advance payment or partial payment of any bill for service, but is security for payment of bills for service, to be applied against unpaid bills only in the event service is discontinued.
- (3) Deposits shall be refunded after a twelve month period if no delinquency resulting in the issuance of a written notification of discontinuance of service to the customer has occurred. Thereafter, review will be made annually or upon customer request to determine if customer is eligible for refund. Refunds will otherwise be made only at such time as service is discontinued and all outstanding bills have been paid.

Advice Letter  
Number 1

Issue Date October 19, 2005

Michael P. Earnest, President  
7810 Shaffer Parkway, #120, Littleton, CO 80127

Decision  
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Effective  
Date November 19, 2005

**COLORADO WATER UTILITY, INC.**

PO Box 270868  
Littleton, CO 80127

CO PUC No. 1

Original Sheet No. SA3  
Cancels \_\_\_\_\_ Sheet No. \_\_\_\_\_

GENERAL TERMS AND CONDITIONS

WATER SALES SERVICE

DEPOSITS AND REFUNDS - Cont'd

(4) Interest at the rate of 1.60 percent per annum shall be paid during the period January 1, 2005 through December 31, 2005 on customer deposits, either in cash or by a credit to the customer's account. Interest will be paid upon refund of the deposit or annually upon request of a customer. The interest rate is subject to change January 1 each year in accordance with the rules of The Public Utilities Commission of the State of Colorado. Whenever the interest rate is changed, deposits held by the Company shall earn interest at the new rate for the portion of time the deposit is held beyond the effective date of the interest rate change.

DISCONTINUANCE OF SERVICE BY COMPANY - RESIDENTIAL

The Company adopts Rule (4 CCR) 723-5-13 from the Commission's Rules and Regulations in the matter of Discontinuance of Service.

Advice Letter

Number 1

Issue Date October 19, 2005

Michael P. Earnest, President  
7810 Shaffer Parkway, #120, Littleton, CO 80127

Decision  
Number C05-1219

Effective  
Date November 19, 2005

**COLORADO WATER UTILITY, INC.**  
 PO Box 270868  
 Littleton, CO 80127

CO PUC No. 1

Original \_\_\_\_\_ Sheet No. SA5  
 Cancels \_\_\_\_\_ Sheet No. \_\_\_\_\_

GENERAL TERMS AND CONDITIONS

WATER SALES SERVICE

BUDGET BILLING PLAN

Customers served under Water Sales Service rates who have no Notice of Discontinuance of Service pending may elect, at their option, to pay monthly bills for service on a Budget Billing Plan beginning with any billing month. Any customer electing the Budget Billing Plan will pay a monthly amount equal to the total of his most recent twelve months' bills divided by a current calculation factor. This calculation factor is subject to change by the Company as conditions warrant but, will neither exceed twelve nor be less than ten. Said monthly payment shall be made for eleven successive months with the twelfth month's payment being a settlement amount equal to the difference between the total of the prior eleven months' payments and the actual billings for the twelve month period. If the settlement amount is a credit balance the Company will issue a check to the customer in the amount of the credit balance, or the customer may elect to have the credit applied to future billings. If the settlement amount is a debit balance owed by the customer the total balance will be due and payable on the due date shown on the bill for the settlement month, except that in the event the debit balance exceeds \$20, the customer may elect to pay the debit over a two month period with at least one half of the total debit balance payable in the settlement month. The customer may continue on the Budget Billing Plan for succeeding years, in which case the settlement month for each year will occur in twelve month cycles starting with the beginning month.

If a customer electing the Budget Billing Plan fails to pay the budget billing obligation in any month, normal collection procedures shall be applicable for the outstanding budget billing amount. Upon termination of service of a customer on the Budget Billing Plan, the customer is subject to removal from the plan and the entire outstanding amount of the account for actual usage shall be due and payable.

The monthly budget billing amount will be adjusted for changes in the Company's base rates.

Advice Letter  
 Number 1 Issue Date October 19, 2005

Michael P. Earnest, President  
 7810 Shaffer Parkway, #120, Littleton, CO 80127

Decision  
 Number C05-1219 Effective  
 Date November 19, 2005



Transaction Journal

Colorado Natural Gas, Inc. (CNG)

Source Journal	Bank Code	Posting Date	Offset Account Number	Transaction Total	User Updated Logon Journal Comment	Transaction Amount
BC-000451	H	10/14/2005	131-004-902-0000-0-04	20,178.41	JR BC Lock Box	
Doc Ref	Date	Credit Account Number	Description/Posting Comment			Transaction Amount
10-14-05	10/14/2005	142-001-B -0000-0-04	Customer Accts.Rec.-Util.-BLY Lock Box			19,734.01
10-14-05	10/14/2005	142-001-C -0000-0-04	Customer Accts.Rec.-Util.-CC Lock Box			444.40
Journal BC-000451 Totals:						<u>20,178.41</u>
Source BC Totals:						<u>20,178.41</u>
Report Totals:						<u><u>20,178.41</u></u>

**Colorado Water Utility, Inc.  
DEER CREEK AREA ANNUAL FACILITY COST OF SERVICE CALCULATIONS  
FISCAL YEAR 2006 Budget**

**COST OF SERVICE**

LINE NO	AMOUNT	LINE NO
(1)	Operation & Maintenance (see detail below)	(1)
(2)	Depreciation & Amortization	(2)
(3)	Taxes other than Income Taxes	(3)
(4)	Income taxes	(4)
(5)	Return on Rate Base (Line 24 * LINE 28)	(5)
(6)	Revenue Credits	(6)
(7)	Total Utility Cost-of-Service	(7)
(8)	TOTAL Sales in kg	(8)
(9)	Total Annual Base Charges	(9)
(10)	COST OF SERVICE PER KG ((LINE 7 - LINE 9) / LINE 8)	(10)
	Operations and Maintenance Detail	
(11)	Salaries, fully loaded	(11)
(12)	Corporate Allocation	(12)
(13)	Utilities	(13)
(14)	Vehicle maintenance	(14)
(15)	Maintenance materials and supplies	(15)
(16)	Outside Contractors	(16)
(17)	Total Operations & Maintenance	(17)

See Note 2

See Notes 1&3  
See Note 1

See Note 4

NOTES: (1) Data taken from Year 2, Deer Creek Only Scenario, Customer Count 250  
 (2) Income Tax Calculation - 61.68% \* CE ratio \* Return to Common Equity  
 (3) Historical annual consumption 180,000 gallons per customer  
 (4) Based on Massachusetts formula, 3% of CNG Holdings expenses allocated to CWU

**RATE BASE**

	Utility Plant (3)
Net Plant	
Gross Plant (18)	\$899,193
Reserve for Depreciation (19)	-
Construction Work in Progress (20)	-
Net Plant (21)	\$899,193
Regulatory Assets (22)	10,000
Working Capital	
One-eighth of O&M (23)	13,956
Deferred charges (24)	-
Prepayments (25)	-
Plant Materials and Supplies (26)	8,000
Other (27)	0
Total Working Capital (28)	21,956
Deferred Tax Liability (29)	-
Rate Base (30)	\$931,149

**PROPOSED RATES**

Monthly Charge (31)	\$25.00
Rate per 1000 gallons (32)	\$4.42
Water Conservancy rate for usage over 30,000 gallons per month (33)	\$9.00
Number of Active Meters (34)	250

**RETURN ON RATE BASE**

	Initial Amount	Ratio	Component Cost of Capital
Common Equity (35)	\$449,597	50.00%	6.00% (35)
Long Term Debt (36)	449,597	50.00%	3.30% (36)
Total (37)	\$899,193	100.00%	(37)
Return on Rate Base (38)			9.30% (38)
Return on Rate Base at current rates (39)			7.25% (39)
Return on Equity at current rates (40)			8.41% (40)

**EXHIBIT 2**  
**NOTICE OF WATER RATES AND TERMS AND CONDITIONS OF SERVICE**  
**FOR**  
**COLORADO WATER UTILITY, INC.**  
**7810 Shaffer Parkway, Littleton, CO 80127**

October 19, 2005

You are hereby notified that Colorado Water Utility, Inc. ("CWU" or the "Company") has filed with the Public Utilities Commission of the State of Colorado (CPUC) an initial tariff setting rates and establishing the Rules and Regulations and General Terms and Conditions under which CWU will provide water sales service within its service territory.

On October 17, 2005, the Company sent notice of this filing to all customers. However, because of a delay by the CPUC in processing the filing, it has become necessary to change the proposed effective date of the filing from November 17, 2005 to November 19, 2005, as more particularly set forth below.

The rates set in the filed tariff sheets remain the same as those currently in effect, with the exception that the filed rates include an increased commodity charge for water use in excess of 30,000 gallons per month. This provision was included after discussions with the CPUC Staff and is intended to promote water conservation. All the revenues from the excess use fee are to be spent on capital improvement projects rather than for operational expenses and/or corporate profit.

A summary of the overall effects of the filed rates for water service is as follows:

**CURRENT AND PROPOSED MONTHLY RATES**

<b>Rate Schedule</b>	<b>CURRENT Service And Facility Charge</b>	<b>CURRENT Commodity Charge Per 1000 gallons</b>	<b>PROPOSED Service And Facility Charge</b>	<b>PROPOSED Commodity Charge Per 1000 gallons</b>
W-DC	\$ 25.00	\$ 4.00	\$ 25.00	\$ 4.00
W-DC Excess Usage	N/A	N/A	N/A	\$ 9.00
HW-DC	\$ 50.00	\$ 4.00	\$ 50.00	\$ 4.00

**IMPACT OF RATES**

Rate Class	Current** Average Monthly Bill	Proposed** Average Monthly Bill	Monthly Change	Percent Rate Impact
W-DC	\$ 85.00	\$ 85.00	\$ 0.00	0.0%
W-DC Excess Usage	Unknown (New Rate Schedule)	Unknown (New Rate Schedule)	Unknown (New Rate Schedule)	Unknown (New Rate Schedule)
HW-DC	Unknown	Unknown	\$0.00	0.0%

\*\* Current and proposed bill impacts for Rate Schedule W-DC are based on an estimated average usage of 15,000 gallons per month. Average monthly bill information for Rate Schedule W-DC has been extrapolated from a combination of estimated and actual customer usage data. Actual customer usage data for the period of October 2004 through April 2005 was unavailable to CWU and, therefore, CWU was required to use estimated customer usage for this period. Actual customer usage data did, however, become available to CWU for the period of May through September, 2005.

The proposed and present tariffs are available for examination and explanation at the business office of Colorado Water Utility, Inc., located at 7810 Shaffer Parkway, Littleton, Colorado 80127 and at the Public Utilities Commission of the State of Colorado, located at 1580 Logan Street, Office Level, No. 2, Denver, Colorado 80203.

Anyone who desires may file written objection. The filing of a written objection by itself will not allow you to participate as a party in any proceeding on the proposed rate changes.

If you wish to participate as a party in any proceeding established in these matters, you must file written intervention documents under applicable rules.

Anyone who desires to file written objection to the proposed action, shall file it with the Colorado Public Utilities Commission, 1580 Logan Street, Office Level No. 2, Denver, Colorado, 80203, at least 10 days before November 19, 2005.

The Public Utilities Commission may hold a hearing to determine what rates, rules and regulations will be authorized. If a hearing is held, the Commission may suspend the proposed rates, rules or regulations.

The rates, rules and regulations ultimately authorized may or may not be the same as those proposed and may include rates higher or lower than those proposed or currently in effect.

Anyone who desires to receive notice of any hearing, shall file a written request for notice with the Public Utilities Commission, at the above address, at least 10 days before the proposed effective date of November 19, 2005. If a hearing is held, any member of the public may attend and may make a statement under oath about the proposed changes in rates, whether or not he or she has filed an objection or intervention.

Michael P. Earnest  
Chief Executive Officer