

BEFORE THE PUBLIC UTILITIES COMMISSION

STATE OF COLORADO

Docket No. 03S-052W

RE: THE INVESTIGATION AND SUSPENSION OF TARIFF SHEETS FILED BY LAKE
DURANGO WATER COMPANY WITH ADVICE LETTER NO. 10-WATER.

Docket No. 02A-629W

IN THE MATTER OF THE APPLICATION OF LAKE DURANGO WATER COMPANY
FOR AN ORDER AUTHORIZING LAKE DURANGO WATER COMPANY
CURTAILMENT OF ANY SERVICES DUE TO PREVIOUS
COMMITMENTS/CONTRACTS.

SETTLEMENT AGREEMENT

Lake Durango Water Company (LDWC), Staff of the Public Utilities Commission (Staff), Durango West Metropolitan District No. 1 (DW1), Durango West Metropolitan District No. 2 (DW2), LaPlata Vista Homeowners Association (LaPlata Vista), Shenandoah Homeowners Association (Shenandoah HOA) and Shenandoah Highlands Homeowners Association (Shenandoah Highlands) (collectively, the "Parties") hereby enter into this Settlement Agreement.

All Parties expressly acknowledge that the rates agreed to herein, and many of the principles and assumptions relied on to reach this Settlement Agreement, are based on the severe drought conditions that have affected LDWC during recent years and the expectation that similar drought conditions will exist for the indefinite future.

All Parties also agree that if and when drought conditions subside, or an additional reliable source of domestic water is available to LDWC, LDWC or Staff will initiate a

proceeding before the Commission to consider modifications to the rates and other agreements contained in this Settlement Agreement based on the changed conditions. The Parties agree that the same general ratemaking methodology that was used in this proceeding should apply to such future proceeding.¹

I. INTRODUCTION

1. On December 9, 2002, LDWC filed the application that is identified in the caption above as being the subject of Docket No. 02A-629W. Generally, LDWC requested orders from the Commission authorizing LDWC to (1) not accept any new customers² and (2) limit the amount of water provided to Bulk Customers, including DW1 and DW2, to the amount specified in certain contracts with LDWC.

2. On January 13, 2003, LDWC filed Advice Letter No. 10-Water, that requested, among other things, changes to the rates and fees charged by LDWC and implementation of a water curtailment plan. The filing was assigned Docket No. 03S-052W.

3. By Decision No. C03-0146, mailed on February 10, 2003, the Commission issued an Order suspending the effective date of the tariffs filed with Advice Letter No. 10-Water and consolidating Docket Nos. C03-0146 and 02A-629W. The "consolidated proceeding" was assigned to the honorable Administrative Law Judge (ALJ) Bill Fritzel.

¹ The general ratemaking methodology is based on the model that is illustrated in Exhibits A-F, attached hereto and incorporated herein, and explained further in Section II.A.3 of this Settlement Agreement, below. The parties' agreement that the same general ratemaking methodology will apply in a case initiated as a result of changed conditions as described in this paragraph of text shall not be interpreted to prevent a party in such a case from: (a) advocating any position deemed appropriate by the party on any issue not encompassed by the ratemaking methodology illustrated in Exhibits A-F; and (b) taking positions on inputs to the ratemaking methodology illustrated in Exhibits A-F different from the inputs agreed to as part of this Settlement Agreement, including but not limited to inputs related to revenue requirements, allowable expenses, operating margin, expense allocations factors, expense classification, revenue requirement allocation and rate design.

² The application contained a note suggesting that customers who have previously purchased a tap from LDWC not be considered "new customers" for purposes of the requested authorization.

4. ALJ Fritzel has issued several interim orders in this consolidated proceeding addressing the procedural schedule and other matters. By Decision No. R03-0224-I, ALJ Fritzel granted the petitions to intervene of DW1, DW2, Shenandoah Highlands and Staff. By Decision No. R03-0361-I, ALJ Fritzel granted the petitions to intervene of Shenandoah HOA and LaPlata Vista.³

5. The Parties held numerous settlement discussions in an effort to reach a comprehensive settlement of all the issues raised in this consolidated proceeding. These discussions have been successful. The Parties thus submit this Settlement Agreement as resolution of all issues that were raised or could have been raised in this consolidated proceeding and request that the Settlement Agreement be approved without modification as expeditiously as possible.

II. TERMS OF SETTLEMENT

A. REVENUE REQUIREMENT AND RATES FOR BULK CUSTOMERS AND RETAIL CUSTOMERS

1. COMMODITY RATES

1. The Parties agree to a tiered Commodity Rate structure to encourage conservation as follows:

³ DW1, DW2 and LaPlata Vista (hereinafter "Bulk Customers") purchase water on a wholesale basis from LDWC and distribute the water to their residents. DW1 and DW2 are metropolitan districts organized pursuant to CRS, § 32-3-101, *et seq.* (now repealed), and are and possess the powers of "municipalities" within the terms of CRS, § 31-35-401(4). See Durango West Metropolitan District #1 v. HKS Joint Venture Partnership, 793 P.2d 661, 662 (Colo. App. 1990). The Bulk Customers own, operate and maintain the distribution systems within their boundaries. Shenandoah Highlands and Shenandoah HOA are associations of water end-users that purchase water directly from LDWC on a retail basis. The members of these associations, as well as others who purchase water directly from LDWC, are referred to hereinafter as "Retail Customers". Pursuant to this Settlement Agreement, LDWC shall have financial responsibility for operating, repairing and maintaining all facilities used to supply water to all Retail Customers.

CONSUMPTION (Monthly)	RETAIL RATES/per 1000 gallons	BULK RATES/per 1000 gallons*
0-6,000 gallons	\$4.99	\$2.94
6,001-12,000	\$8.00 ⁺	\$3.67 ⁺
12,001-18,000	\$20.00	\$18.00
18,001-24,000	\$40.00	\$38.00
Above 24,000	\$60.00	\$58.00

*For each Bulk Customer the 0-6,000 gallon rate of \$2.94 is applied to all gallons of water consumed by the Bulk Customer up to an amount ("Base Consumption") equal to 6,000 gallons times the number of "current end-users" associated with the Bulk Customer in the table in section II.B.1 of this Settlement Agreement, below (as such "current end-users" may change from time to time). At the present time, Base Consumption is 1,470,000 gallons per month for DW1; 2,010,000 gallons per month for DW2; and 132,000 gallons per month for LaPlata Vista HOA.

⁺ Incremental revenue collected by LDWC as a result of billings to Retail and Bulk Customers for consumption in the 6,001-12,000 and higher rate blocs is deemed "Premium Revenue." By way of illustration, Premium Revenue collected from a Retail Customer for consumption in the 6,001-12,000-gallon rate block is \$3.01/gallon (the difference between \$8.00 and \$4.99) times the number of gallons consumed by the Retail Customer over 6,000 and under 12,001. The disposition of Premium Revenue is dealt with in Section II.A.5 of this Settlement Agreement, below.

2. For the purpose of calculating Premium Revenue, the Bulk Customers shall submit to LDWC a report tallying the number of its current end-users by January 31 and July 31 of each year.

2. MONTHLY FIXED RATES

1. In addition to the Commodity Rates set forth above, the Parties agree to the following Fixed Rates per month:

Retail Customers	\$ 20.45
DW1	\$1,543.00
DW2	\$2,109.00
LaPlata Vista	\$139.00

3. REVENUE REQUIREMENT MODEL AND ALLOCATION TO RETAIL AND BULK CUSTOMERS

1. This Settlement Agreement constitutes agreement on both the LDWC revenue requirement (traditional Phase 1 issues) and the rate design to allocate the revenue requirement between Bulk Customers and Retail Customers (traditional Phase 2 issues). The model used to develop the above Commodity Rates and Fixed Rates is set forth in Exhibits A through F, attached hereto and incorporated herein.

2. Exhibit A sets forth the total allowable operating expenses agreed to by the Parties after making adjustments to the LDWC income statement for the test year ending June 30, 2002.

3. Exhibit B sets forth the Parties' agreement as to the allocation of the allowable operating expenses between Bulk Customers and Retail Customers, based on the allocation factors agreed to by the Parties for each expense category.

4. Exhibit C sets forth the Parties' agreement as to which allowable operating expenses should be categorized as "fixed expenses" and recovered through the monthly Fixed Rates. The allocation of these fixed expenses to Bulk Customers and Retail Customers is carried forward from Exhibit B.

5. Exhibit D provides historical water usage by Total Company and Bulk Customers.

6. Exhibit E sets forth the revenue requirement for LDWC and the calculation of the Commodity Rates agreed to by the Parties for the 0-6000/gallons/month consumption range. The revenue requirement reflects an agreed to operating ratio of 87% for

LDWC. Key assumptions include an annual consumption of 68,000,000 gallons, and a 55% Bulk Customers/45% Retail Customers split of the 68,000,000 gallons of annual usage.

7. Exhibit F provides a comparison of current LDWC tariff rates, LDWC's proposed rates (Option 3) and the rates agreed to by the Parties to the Settlement Agreement.

4. THE CAPITAL IMPROVEMENT FUND

1. A Capital Improvement Fund (CIF) escrow account will be created to track the receipt and expenditure by LDWC of certain revenues, fees and charges (hereafter, "CIF Revenues") separately from the receipt and expenditure by LDWC of revenues derived from Commodity Rates on Base Consumption, Fixed Rates and Conservation Incentive Rates (Section II.C.2, below). The CIF shall be a separate, segregated trust account established for the benefit of LDWC's customers and managed by an escrow agent. Reasonable escrow agent fees, such as administrative fees, shall be paid from the CIF. CIF Revenues shall include: (a) Premium Revenue, as described in Section II.A.1.1, above, and in Section II.A.5, below; (b) any Service Commitment Fees implemented and collected in accordance with Section II.A.6, below; (c) any Standby Fees implemented and collected in accordance with Section II.F.3, below; and (d) any surcharges implemented and collected for the Lightner Creek Project in accordance with Sections II.G.2 and II.G.3, below.

2. The CIF will be designated and reserved for Commission-approved (a) customer rebates, (b) acquisitions of water supply or (c) major system infrastructure additions and improvements. The cost of system maintenance, repair and replacement in the ordinary course of business is intended to be financed out of the operating margin allowance and shall not be financed with CIF Revenues.

3. Expenditures from the CIF shall be proposed by means of an application to the Commission, pursuant to the Commission's Rules, setting forth the specific desired use or uses of CIF Revenues. LDWC will submit any plans for use of CIF Revenues to Staff for Staff's input and discussion prior to making any such application to the Commission. No expenditure of CIF Revenues shall occur without prior Commission approval.

4. Staff will maintain a list of interested parties that will receive notice of any applications filed with the Commission that pertain to the use of CIF Revenues.

5. PREMIUM REVENUE

1. Based on the annual usage assumptions used for purposes of settlement, sufficient revenue to meet LDWC's revenue requirement will be collected from Base Consumption at the 0-6000 per gallon rates. Incremental revenue collected for consumption above the 0-6000 per gallon rate bloc is "Premium Revenue," as explained in Section II.A.1 of this Settlement Agreement, above.

2. All Premium Revenue will be deposited in the CIF account for Commission approved uses.

3. The inclining-bloc Commodity Rates are predicated on drought conditions, are designed to encourage conservation, and are not intended to reflect any agreement or precedent as to a normal monthly household requirement or as to an excessive water usage amount.

6. SERVICE COMMITMENT FEE (SCF)

1. The Parties agree that a clearly defined Service Commitment Fee (SCF) provision shall be included in LDWC's tariff. An SCF is a contribution to LDWC made by a new end-user who is not counted as one of the "Total Committed Taps" in the table in Section II.B,

below, prior to service being provided to said new end-user's property. At such time as an SCF is implemented and collected, SCF revenues shall be deposited in the CIF.

2. The Parties agree on an initial SCF amount of \$6000 for Retail Customers. No SCF amount is agreed upon for Bulk Customers. The SCF for Retail Customers is in addition to any applicable Line Extension charges. As explained below, the Parties have agreed that LDWC will not collect any SCF until further order of the Commission. Prior to such an order, LDWC will work with the Parties to more fully define the purpose and applicability of the SCF. Such effort shall include consideration of a cost basis for the appropriate SCF amount for Retail Customers and Bulk Customers to be applied when such an SCF becomes collectible. LDWC shall make a future filing to establish a new SCF amount for Retail Customers and an SCF for Bulk Customers based on these efforts. Said filing shall be made as an application or advice letter, pursuant to the Commission's Rules, and shall be officially noticed to the Parties.

B. LDWC'S OBLIGATION AND AUTHORITY TO PROVIDE SERVICE

1. For purposes of this Settlement Agreement, all Parties agree that the Commission should recognize the following:

NAME	CURRENT END-USERS	TOTAL COMMITTED TAPS ⁴
Durango West 1 Metro District	245	264
Durango West 2 Metro District	335	362
LaPlata Vista HOA	22	28
Bob Johnson Affiliates:		
Johnson Lands	2	13
Durango Partners	0	22
Vaquero	1	13
Retail Water Users	464	731

2. The Parties agree that until further order of the Commission, LDWC is neither obligated nor permitted to provide water service to any property or individual that does not have a “committed tap” as set forth above.

3. The Parties agree that the issue of when a property owner possessing a “committed tap” can exercise the right to water service is within the local jurisdiction of the LaPlata County Commissioners through its zoning and permitting powers.

4. Until further order of the Commission, neither LDWC nor Bob Johnson shall receive money or other consideration (including the SCF agreed to herein) in exchange for a commitment to provide water service at any time in the future. Under no circumstances will LDWC undertake to promise or provide service for new commitments until further order of the Commission.

C. WATER RESTRICTIONS AND CONSERVATION INCENTIVE RATES

1. WATER RESTRICTIONS

⁴ Exhibit G, attached hereto, provides a detailed list of the properties and/or individuals that, based on the records of LDWC, have committed taps but are not current end-users.

1. The Parties agree to a reservoir-volume-dependent restriction policy to be included in the LDWC tariff.

2. The following water volumes in the Lake Durango Reservoir will determine what level of restrictions will be in place at a given time:

WATER VOLUME (ACRE FEET)	RESTRICTION⁵
800 or more	No Restriction
600-799	Stage I
350-599	Stage II
250-349	Stage III
Below 250	Stage IV

3. The Stage II restriction will be in place at the policy's implementation. If, for a period of fourteen (14) consecutive days, the water volume in the Lake Durango Reservoir reaches a level outside of the band for the Stage in effect at any given time, then LDWC shall immediately implement the applicable new Stage restrictions and provide coincident notice to the Commission of such change. LDWC shall promptly provide individual notice to customers in the most timely and cost effective manner available. The notice attached as Exhibit H will serve as a template for any future notices regarding water restrictions.

4. DW1, DW2, and LaPlata Vista agree to impose and enforce upon their customers at all times during drought conditions the same or more stringent restrictions as are imposed on Retail Customers pursuant to LDWC's tariff.

⁵ The different restrictions are described in the notice that is attached as Exhibit H hereto and incorporated herein. Identical descriptions, this matrix for determining the restriction in place, and the conservation incentive rates will be included in the LDWC tariff.

2. CONSERVATION INCENTIVE RATES

1. The following "Conservation Incentive Rates" will be assessed to any Retail Customer who fails to abide by the restrictions in place, as evidenced by a reasonable written verification obtained by LDWC describing the time and nature of the offense:

1 st Offense	Written Warning
2 nd Offense	\$100
3 rd Offense	\$150
Each subsequent Offense	\$200

2. All revenue collected from Conservation Incentive Rates shall be recorded as general revenue to LDWC.

3. Historically during drought conditions DW1 and DW2 have always imposed Conservation Incentive Rates on their customers as stringent as or more stringent than those in the LDWC tariff, as set forth above, and DW1 and DW2 agree to continue to do so. LaPlata Vista also agrees to impose on its customers Conservation Incentive Rates as stringent as or more stringent than those in the LDWC tariff.

D. CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY (CPCN)

1. LDWC will apply for a CPCN no later than 60 days after the effective date of a final Commission order in this proceeding (i.e., the date a recommended decision becomes the decision of the Commission or a Commission decision on exceptions is issued).

2. As a starting point, a map identifying Retail Customer properties served, Retail Customer "committed taps," and Bulk Customer water delivery points will be used to define the LDWC service territory.

E. AID TO CONSTRUCTION

1. Under "Water Main Extensions" in the rules and regulations section of the current LDWC tariff (Colorado PUC No. 3 Water, Original Sheet No. 7), there is a sentence that reads, "If the addition of any customer or customers requires the reinforcement of the mains or other plant or associated infrastructure, then the customer or customers shall pay for the needed reinforcement." To the extent LDWC has heretofore treated this sentence as the basis for collecting fees in the nature of "contributions in aid to construction," LDWC is henceforth prohibited from doing so, and this provision will be removed from the LDWC tariff.

2. LDWC will work with Staff to develop an appropriate Line Extension Policy provision for inclusion in the LDWC tariff at a future date.

F. KEY MISCELLANEOUS ISSUES

1. The annual purchased water expense paid to Bob Johnson is in exchange for the full annual yield of 27 shares in the Pine Ridge Ditch, currently available as a source of supply for LDWC, regardless of whether such shares are held in the name of LDWC, in the name of Bob Johnson, or otherwise. A long-term contract recognizing this commitment is attached as Exhibit I.

2. LDWC shall report financial information and water usage statistics to the Commission on a quarterly basis. The form, content, and due dates for the reports shall be as specified by the Commission.

3. Staff, with input from the Parties, will examine the legality and appropriateness of a "standby fee" to be applicable to properties and property owners with "committed taps" that have not or cannot begin taking water service. Any standby fee revenues would be deposited in the CIF to offset the cost of system benefit projects such as the Lightner

Creek Project or any similar project as described in Section II.A.4 of this Settlement Agreement, above.

4. Staff will investigate more fully the collection of tap fees, aid to construction fees, or other compensation in exchange for a promise to provide water service, that may have been collected in violation of the LDWC tariff and the 1999 Stipulation and Settlement Agreement entered into by LDWC in Commission Docket No. 99C-228W. Staff will pursue reparations if appropriate for any such identified violations.

5. The Parties acknowledge that LDWC does not own the retail distribution facilities (hereafter, "Shenandoah Distribution Facilities") that serve Retail Customers in several subdivisions that LDWC has historically served that have "Shenandoah" in their names, including Shenandoah HOA (the Party to this docket), Shenandoah Highlands (also a Party), a subdivision known as "Shenandoah Estates," and certain other Shenandoah-named subdivisions. As part of this Settlement Agreement, the Parties agree that, notwithstanding the fact that LDWC does not own the Shenandoah Distribution Facilities, LDWC shall out of revenues collected from the Commodity and Fixed Rates bear financial responsibility for operating, repairing and maintaining said Shenandoah Distribution Facilities.

G. SPECIAL PROJECTS

1. Harris Engineering will complete a written engineering study of the Lightner Creek Project. Harris Engineering is currently under contract to DW1 to perform such study and such contract will remain in place until the study is completed. (A copy of the contract is attached as Exhibit J.)

2. The cost of the engineering study will be collected outside of rates through a one-time surcharge applicable to all current end-users at the time the surcharge is approved by

the Commission. The surcharge funds will be deposited in a sub-account of the CIF and disbursed by the CIF escrow agent. The surcharge will be assessed in such a manner that each end-use customer pays the same pro-rata share of the total cost of DW1's contract with Harris Engineering associated with studying the Lightner Creek Project.

3. Upon completion of the Harris engineering study, any proposal to undertake the Lightner Creek Project will be presented to the Commission for review and potential approval. Any such proposal must be made by means of an application, pursuant to the Commission's Rules, which shall be officially noticed by the Commission to all Parties. At such time as a Lightner Creek Project proposal is considered by the Commission, an appropriate mechanism to pay for the project (e.g., a CIF surcharge) will be considered.

III. IMPLEMENTATION

1. The Parties agree that upon final Commission order approving this Settlement Agreement, LDWC shall file amended advice letters on not less than one day's notice to place into effect revised tariff sheets attached hereto as Exhibit K.

IV. GENERAL TERMS

1. To the extent not adopted as part of this Settlement Agreement, any relief requested by LDWC as part of its application in Docket No. 02A-629W or as part of its Advice Letter No. 10-Water in Docket No. 03S-052W is hereby dismissed by stipulation of the Parties with prejudice.

2. This Settlement Agreement shall not become effective until the issuance of a final Commission order approving the Settlement Agreement, which order does not contain any modification of the terms and conditions of this Settlement Agreement that is unacceptable to the Parties hereto. In the event the Commission modifies this Settlement Agreement in a

manner unacceptable to any Party hereto, that Party shall have the right to withdraw from this Settlement Agreement and proceed to hearing on some or all of the issues that may be appropriately raised by that Party in this docket under a new procedural schedule. The withdrawing Party shall notify the Commission, and the other Parties to this Settlement Agreement, in writing within ten (10) days of the date of the Commission order that the Party is withdrawing from the Settlement Agreement (such notice being referred to as the "Notice"). A Party who properly serves a Notice shall have and be entitled to exercise all rights the Party would have had in the absence of the Party's agreeing to this Settlement Agreement. Hearing shall be scheduled on an expedited basis, as soon as practicable.

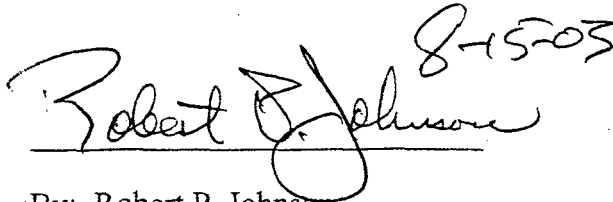
3. In the event that this Settlement Agreement is not approved, or is approved with conditions that are unacceptable to any Party who subsequently withdraws, the negotiations or discussions undertaken in conjunction with the Settlement Agreement shall not be admissible into evidence in this or any other proceeding.

4. Approval by the Commission of this Settlement Agreement shall constitute a determination that the Settlement Agreement represents a just, equitable and reasonable resolution of all issues that were or could have been contested among the Parties in this proceeding, except as otherwise specifically noted in this Settlement Agreement.

5. This Settlement Agreement may be executed in counterparts, all of which when taken together shall constitute the entire agreement between the Parties with respect to the issues addressed by this Settlement Agreement.

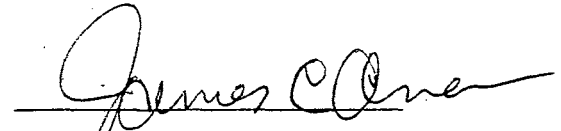
DATED this ____ day of August, 2003.

LAKE DURANGO WATER COMPANY



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APPROVED AS TO FORM



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**DURANGO WEST METROPOLITAN
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DATED this 29th day of August, 2003.

LAKE DURANGO WATER COMPANY

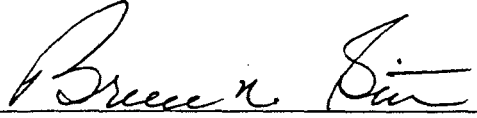
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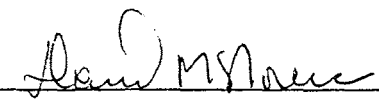
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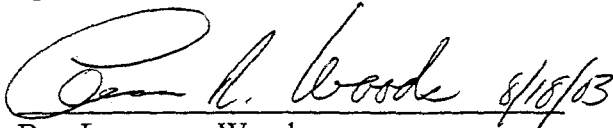
**DURANGO WEST METROPOLITAN
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**SHENANDOAH HOMEOWNERS
ASSOCIATION**

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**DURANGO WEST METROPOLITAN
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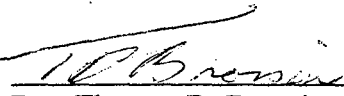
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HOMEOWNERS ASSOCIATION**

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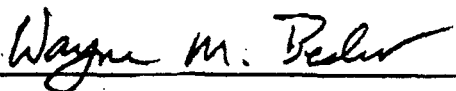
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**SIENANDOAH HIGHLANDS
HOMEOWNERS ASSOCIATION**

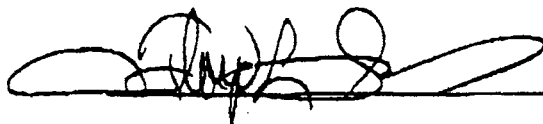
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**DURANGO WEST METROPOLITAN
DISTRICT NO. 2**



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1020 1/2 Main Avenue
Durango, CO 81301

**LAPLATA VISTA HOMEOWNERS
ASSOCIATION**

By: Ralph Blanchard
President
c/o Patti McAdams, Secretary
110 South Elk Run
Durango, CO 81303

**SHENANDOAH HIGHLANDS
HOMEOWNERS ASSOCIATION**

By: Thomas D. Brossia
President
c/o AREM Property Management
1020 1/2 Main Avenue
Durango, CO 81301

Sep 02 03 01:32p

CntrForPolicyResearch

303-837-1557

FROM : DURANGO WEST METRO DIST 1

FAX NO. : 9702593360

Sep. 02 2003 01:08PM

Attachment
Docket Nos. 03S-052W
& 02A-629W
Decision No. R03-1022
September 9, 2003
Page 22 of 65

DATED this _____ day of August, 2003.

LAKE DURANGO WATER COMPANY

APPROVED AS TO FORM

By: Robert P. Johnson
President
755 E. Second Avenue, Ste. 2D
Durango, CO 81301
(970) 247-4062

By: James C. Anesi, Esq.
James C. Anesi, P.C.
2023 Main Avenue
Durango, CO 81301
(970) 247-7807

**STAFF OF THE COLORADO PUBLIC
UTILITIES COMMISSION**

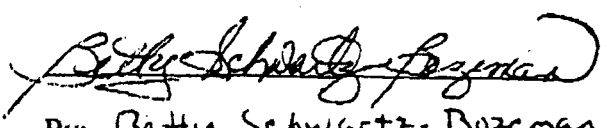
APPROVED AS TO FORM

By: Bruce N. Smith
Director
Colorado Public Utilities Commission
1580 Logan Street
Denver, CO 80203
(303) 894-2000

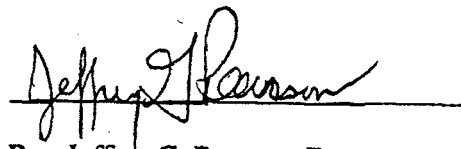
By: David M. Nocera, 28776*
Michael J. Santisi, 29673
Assistant Attorneys General
Business and Licensing Section
1525 Sherman Street, 5th Floor
Denver, CO 80203
(303) 866-5295 and 3764
*Counsel of Record

**DURANGO WEST METROPOLITAN
DISTRICT NO. 1**

APPROVED AS TO FORM



By: Betty Schwartz-Bozeman
Its: President
119 Holly Hock Trail
Durango, CO 81303



By: Jeffrey G. Pearson, Esq.
1570 Emerson Street
Denver, CO 81302
(303) 832-5138

**EXHIBIT A: LAKE DURANGO WATER COMPANY
INCOME STATEMENT WITH STIPULATED ADJUSTMENTS
YEAR ENDED JUNE 30, 2002**

	A	B	C	D	E	F	G	H	I
			LDWC Per Book Numbers	LDWC Proposed Adjustments / Requested Increase	LDWC Proposed Adjusted / Revised Test Year	Adjustments Back to Book	Stipulated Adjustments	Ref. to Adj.	Stipulated Adjusted
1									
2									
3	Acct.No.								
4									
5									
6		INCOME							
7		<u>Other Income</u>							
8	0-415	Revenues from Merchandising	\$ 9,275.00	\$ (4,275.00)	\$ 5,000.00				\$ 5,000.00
9	0-421	Nonutility Income	\$ 9.13	\$ (9.13)	\$ -				\$ -
10		Total Other Income	\$ 9,284.13	\$ (4,284.13)	\$ 5,000.00				\$ 5,000.00
11									
12		<u>Water Sales</u>							
13	0-462	Metered Sales to Residential	\$ 127,643.65	\$ 175,016.39	\$ 302,660.04	\$ 175,016.39			\$ 260,595.25
14		Metered Sales to Commercial (Bulk)	\$ 79,724.75	\$ 105,776.56	\$ 185,501.31	\$ 105,776.56			\$ 155,500.91
15		Total Water Sales	\$ 207,368.40	\$ 280,792.95	\$ 488,161.35	\$ 280,792.95			\$ 416,096.17
16									
17		TOTAL INCOME	\$ 216,652.53		\$ 493,161.35				\$ 421,096.17
18									
19		EXPENSE							
20		<u>Administrative & General</u>							
21	8-615	Purchased Power	\$ 533.74	\$ 116.26	\$ 650.00	\$ (116.26)	\$ (533.74)	(1)	\$ -
22	8-620	Materials and Supplies	\$ 1,814.03	\$ 185.97	\$ 2,000.00	\$ (185.97)	\$ -		\$ 1,814.03
23	8-632	Contractual Services - Accounting	\$ 3,000.00	\$ 21,000.00	\$ 24,000.00	\$ (21,000.00)	\$ 7,500.00	(2)	\$ 10,500.00
24	8-633	Contractual Services - Legal	\$ 15,264.43	\$ (264.43)	\$ 15,000.00	\$ 264.43	\$ -		\$ 15,264.43
25	8-634	Contractual Services - Management	\$ 14,211.90	\$ 5,788.10	\$ 20,000.00	\$ (5,788.10)	\$ 35,788.10	(3)	\$ 50,000.00
26	8-635	Contractual Services - Other	\$ 54.00	\$ 446.00	\$ 500.00	\$ (446.00)	\$ -		\$ 54.00
27	8-653	Telephone	\$ 4,579.18	\$ 420.82	\$ 5,000.00	\$ (420.82)	\$ -		\$ 4,579.18
28	8-657	Insurance - General Liability	\$ 13,919.35	\$ 1,392.00	\$ 15,311.35	\$ (1,392.00)	\$ -		\$ 13,919.35
29	8-659	Insurance - Other	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
30	8-667	Reg. Commission Expense - Other	\$ 333.27	\$ (333.27)	\$ -	\$ 333.27	\$ -		\$ 333.27
31	8-668	Reg. Commission Exp Legal - Rate Case	\$ 4,785.28	\$ 10,214.72	\$ 15,000.00	\$ (10,214.72)	\$ 2,000.00	(4)	\$ 6,785.28
32	8-669	Reg. Commission Exp Travel - Rate Case	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
33	8-675	Miscellaneous Expense	\$ 1,637.37	\$ (137.37)	\$ 1,500.00	\$ 137.37	\$ -		\$ 1,637.37
34		Total Administrative & General	\$ 60,132.55	\$ 38,828.80	\$ 98,961.35	\$ (38,828.80)	\$ 44,754.36		\$ 104,886.91
35									
36		<u>Customer Accounts:</u>							
37	7-620	Materials and Supplies	\$ 2,016.80	\$ 983.20	\$ 3,000.00	\$ (983.20)	\$ -		\$ 2,016.80
38	7-633	Contractual Services - Legal	\$ -	\$ 2,000.00	\$ 2,000.00	\$ (2,000.00)	\$ 2,000.00	(5)	\$ 2,000.00
39	7-634	Contractual Services - Management	\$ 100.00	\$ 400.00	\$ 500.00	\$ (400.00)	\$ 400.00	(6)	\$ 500.00
40	7-667	Reg. Comm Exp - Other	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
41	7-675	Miscellaneous Expense	\$ 139.40	\$ 10.60	\$ 150.00	\$ (10.60)	\$ -		\$ 139.40
42		Total Customer Accounts	\$ 2,256.20	\$ 3,393.80	\$ 5,650.00	\$ (3,393.80)	\$ 2,400.00		\$ 4,656.20
43									
44		<u>Extraordinary items:</u>							
45	0-600	Extraordinary items	\$ (226.06)	\$ 26.06	\$ (200.00)	\$ (26.06)	\$ -		\$ (226.06)
46		Total Extraordinary Items:	\$ (226.06)	\$ 26.06	\$ (200.00)	\$ (26.06)	\$ -		\$ (226.06)
47									
48		<u>Interest:</u>							
49	0-427	Interest Expense	\$ 17,092.45	\$ 907.55	\$ 18,000.00	\$ (907.55)	\$ -		\$ 17,092.45

**EXHIBIT A: LAKE DURANGO WATER COMPANY
INCOME STATEMENT WITH STIPULATED ADJUSTMENTS
YEAR ENDED JUNE 30, 2002**

	A	B	C	D	E	F	G	H	I
			LDWC	LDWC	LDWC				
			Per Book	Proposed	Proposed	Adjustments	Stipulated	Ref.	Stipulated
	Acct.No.		Numbers	Adjustments /	Adjusted / Revised	Back	Adjustments	to	Adjusted
				Requested Increase	Test Year	to Book		Adj.	
1									
2									
3									
4									
5									
50	0-432	Interest Other	\$ -	\$ -	\$ -		\$ -		\$ -
51		Total Interest Expense	\$ 17,092.45	\$ 907.55	\$ 18,000.00	\$ (907.55)	\$ -		\$ 17,092.45
52									
53		<u>Other Expenses:</u>							
54	0-426	Misc. Nonutility Expenses	\$ 46.02	\$ 3.98	\$ 50.00	\$ (3.98)	\$ -		\$ 46.02
55		Total Other Expense:	\$ 46.02	\$ 3.98	\$ 50.00	\$ (3.98)	\$ -		\$ 46.02
56									
57		<u>Other Utility Operating Expense:</u>							
58	0-403	Depreciation Expense	\$ 41,000.00	\$ 9,000.00	\$ 50,000.00	\$ (9,000.00)	\$ (41,000.00)	(7)	\$ -
59	0-407	Amortization Expense	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
60	0-408	Taxes Other Than Income	\$ -	\$ 20,000.00	\$ 20,000.00	\$ (20,000.00)	\$ 10,210.98	(8)	\$ 10,210.98
61	0-409	Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
62	0-410	Provision of Deferred Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
63	0-411	Provision of Deferred Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
64	0-418	Penalties	\$ -	\$ 5,000.00	\$ 5,000.00	\$ (5,000.00)	\$ -		\$ -
65		Total Other Utility Operating Expense	\$ 41,000.00	\$ 34,000.00	\$ 75,000.00	\$ (34,000.00)	\$ (30,789.02)		\$ 10,210.98
66									
67		<u>Source & Supply - Maintenance:</u>							
68	2-620	Materials and Supplies	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
69	2-635	Contractual Services - Other	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
70	2-645	Repair & Maintenance	\$ -	\$ 4,000.00	\$ 4,000.00	\$ (4,000.00)	\$ 4,000.00	(9)	\$ 4,000.00
71		Total Source & Supply - Maintenance	\$ -	\$ 4,000.00	\$ 4,000.00	\$ (4,000.00)	\$ 4,000.00		\$ 4,000.00
72									
73		<u>Source & Supply - Operations:</u>							
74	1-610	Purchased Water	\$ 91,200.10	\$ 8,799.90	\$ 100,000.00	\$ (8,799.90)	\$ (7,560.00)	(10)	\$ 49,564.50
75	1-618	Chemicals	\$ 5,256.50	\$ 743.50	\$ 6,000.00	\$ (743.50)	\$ -		\$ 5,256.50
76	1-620	Materials and Supplies	\$ 38.16	\$ 61.84	\$ 100.00	\$ (61.84)	\$ -		\$ 38.16
77	1-631	Contractual Services - Engineering	\$ 1,928.44	\$ 1,071.56	\$ 3,000.00	\$ (1,071.56)	\$ 1,071.56	(11)	\$ 3,000.00
78	1-633	Contractual Services - Legal	\$ 2,493.75	\$ 6.25	\$ 2,500.00	\$ (6.25)	\$ -		\$ 2,493.75
79	1-635	Contractual Services - Other	\$ 4,287.50	\$ 37,712.50	\$ 42,000.00	\$ (37,712.50)	\$ 37,712.50	(12)	\$ 42,000.00
80	1-650	Transportation Expense	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
81	1-657	Insurance - General Liability	\$ 1,306.50	\$ 193.50	\$ 1,500.00	\$ (193.50)	\$ -		\$ 1,306.50
82	1-667	Reg. Comm. Exp - Other	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
83		Total Source & Supply Operations	\$ 106,510.95	\$ 48,589.05	\$ 155,100.00	\$ (48,589.05)	\$ 31,224.06		\$ 103,659.41
84									
85		<u>Trans & Dist - Maintenance:</u>							
86	6-620	Materials and Supplies	\$ 4,965.64	\$ 34.36	\$ 5,000.00	\$ (34.36)	\$ -		\$ 4,965.64
87	6-635	Contractual Services - Other	\$ 575.55	\$ 424.45	\$ 1,000.00	\$ (424.45)	\$ -		\$ 575.55
88	6-645	Repairs & Maintenance (Pumps)	\$ 5,452.52	\$ 18,547.48	\$ 24,000.00	\$ (18,547.48)	\$ 12,500.00	(13)	\$ 17,952.52
89	6-675	Miscellaneous Expense	\$ 940.50	\$ 59.50	\$ 1,000.00	\$ (59.50)	\$ -		\$ 940.50
90		Total Trans & Dist. - Maintenance	\$ 11,934.21	\$ 19,065.79	\$ 31,000.00	\$ (19,065.79)	\$ 12,500.00		\$ 24,434.21
91									
92		<u>Trans. & Dist. Operations:</u>							
93	5-615	Purchased Power	\$ 5,941.75	\$ 658.25	\$ 6,600.00	\$ (658.25)	\$ 533.74	(1)	\$ 6,475.49

**EXHIBIT A: LAKE DURANGO WATER COMPANY
INCOME STATEMENT WITH STIPULATED ADJUSTMENTS
YEAR ENDED JUNE 30, 2002**

A	B	C	D	E	F	G	H	I
		LDWC Per Book Numbers	LDWC Proposed Adjustments / Requested Increase	LDWC Proposed Adjusted / Revised Test Year	Adjustments Back to Book	Stipulated Adjustments	Ref. to Adj.	Stipulated Adjusted
1								
2								
3	Acct.No.							
4								
5								
94	5-616	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
95	5-620	\$ 278.58	\$ 221.42	\$ 500.00	\$ (221.42)	\$ -		\$ 278.58
96	5-635	\$ 11,062.50	\$ 937.50	\$ 12,000.00	\$ (937.50)	\$ -		\$ 11,062.50
97	5-645	\$ 315.80	\$ 184.20	\$ 500.00	\$ (184.20)	\$ -		\$ 315.80
98	5-667	\$ 112.50	\$ 87.50	\$ 200.00	\$ (87.50)	\$ -		\$ 112.50
99	5-675	\$ 22.58	\$ 77.42	\$ 100.00	\$ (77.42)	\$ -		\$ 22.58
100	Total Trans. & Dist - Operations	\$ 17,733.71	\$ 2,166.29	\$ 19,900.00	\$ (2,166.29)	\$ 533.74		\$ 18,267.45
101								
102	<u>Water Treatment - Maintenance</u>							
103	4-620	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
104	4-635	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
105	4-645	\$ 1,348.20	\$ 651.80	\$ 2,000.00	\$ (651.80)	\$ -		\$ 1,348.20
106	4-659	\$ 13.50	\$ (13.50)	\$ -	\$ 13.50	\$ -		\$ 13.50
107	4-675	\$ 25.00	\$ 75.00	\$ 100.00	\$ (75.00)	\$ -		\$ 25.00
108	Total Water Treatment - Maintenance	\$ 1,386.70	\$ 713.30	\$ 2,100.00	\$ (713.30)	\$ -		\$ 1,386.70
109								
110	<u>Water Treatment - Operations:</u>							
111								
112	3-615	\$ 18,505.87	\$ 1,994.13	\$ 20,500.00	\$ (1,994.13)	\$ 1,850.60	(14)	\$ 20,356.47
113	3-616	\$ 733.05	\$ 66.95	\$ 800.00	\$ (66.95)	\$ -		\$ 733.05
114	3-618	\$ 5,061.75	\$ 5,938.25	\$ 11,000.00	\$ (5,938.25)	\$ 14,752.25	(15)	\$ 19,814.00
115	3-619	\$ 911.00	\$ 7,089.00	\$ 8,000.00	\$ (7,089.00)	\$ 7,089.00	(16)	\$ 8,000.00
116	3-620	\$ 1,849.04	\$ 4,150.96	\$ 6,000.00	\$ (4,150.96)	\$ 4,150.96	(17)	\$ 6,000.00
117	3-631	\$ -	\$ 3,000.00	\$ 3,000.00	\$ (3,000.00)	\$ 3,000.00	(18)	\$ 3,000.00
118	3-635	\$ 10,862.50	\$ 4,137.50	\$ 15,000.00	\$ (4,137.50)	\$ 4,137.50	(19)	\$ 15,000.00
119	3-645	\$ -	\$ 2,500.00	\$ 2,500.00	\$ (2,500.00)	\$ 2,500.00	(20)	\$ 2,500.00
120	3-653	\$ 4,261.40	\$ 238.60	\$ 4,500.00	\$ (238.60)	\$ -		\$ 4,261.40
121	3-656	\$ 161.00	\$ 39.00	\$ 200.00	\$ (39.00)	\$ -		\$ 161.00
122	3-657	\$ 1,648.50	\$ 151.50	\$ 1,800.00	\$ (151.50)	\$ -		\$ 1,648.50
123	3-659	\$ 8,975.14	\$ 1,024.86	\$ 10,000.00	\$ (1,024.86)	\$ -		\$ 8,975.14
124	3-667	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
125	3-675	\$ 232.37	\$ 67.63	\$ 300.00	\$ (67.63)	\$ -		\$ 232.37
126	Total Water Treatment - Operations	\$ 53,201.62	\$ 30,398.38	\$ 83,600.00	\$ (30,398.38)	\$ 37,480.31		\$ 90,681.93
127								
128								
129								
130	TOTAL EXPENSES	\$ 311,068.35	\$ 182,093.00	\$ 493,161.35	\$ (182,093.00)	\$ 102,103.45		\$ 379,096.20
131								
132	TOTAL EXPENSES LESS INTEREST	\$ 293,975.90		\$ 475,161.35				\$ 362,003.75
133								

**EXHIBIT B: LAKE DURANGO WATER COMPANY
ALLOCATION TO RETAIL AND BULK CUSTOMERS**

	A	B	C	D	E	F	G	H
			Stipulated Adjusted	Allocation Factor Retail	Retail Customers	Allocation Factor Wholesale	Wholesale/ Bulk Customers	Total
1								
2								
3	Acct. No.							
4								
5		INCOME						
6		Other Income						
7	0-415	Revenues from Merchandising	\$ 5,000.00					
8	0-421	Nonutility Income	\$					
9		Total Other Income	\$ 5,000.00					
10								
11		<u>Water Sales</u>						
12	0-462	Metered Sales to Residential	\$ 260,595.25					
13		Metered Sales to Commercial (Bulk)	\$ 155,500.91					
14		Total Water Sales	\$ 416,096.17					
15								
16		TOTAL INCOME	\$ 421,096.17					
17								
18		Expense						
19		<u>Administrative & General</u>						
20	8-615	Purchased Power	\$		\$	100.00%	\$	\$
21	8-620	Materials and Supplies	\$ 1,814.03	75.00%	\$ 1,360.52	25.00%	\$ 453.51	\$ 1,814.03
22	8-632	Contractual Services - Accounting	\$ 10,500.00	75.00%	\$ 7,875.00	25.00%	\$ 2,625.00	\$ 10,500.00
23	8-633	Contractual Services - Legal	\$ 15,264.43	75.00%	\$ 11,448.32	25.00%	\$ 3,816.11	\$ 15,264.43
24	8-634	Contractual Services - Management	\$ 50,000.00	75.00%	\$ 37,500.00	25.00%	\$ 12,500.00	\$ 50,000.00
25	8-635	Contractual Services - Other	\$ 54.00	75.00%	\$ 40.50	25.00%	\$ 13.50	\$ 54.00
26	8-653	Telephone	\$ 4,579.18	75.00%	\$ 3,434.39	25.00%	\$ 1,144.80	\$ 4,579.18
27	8-657	Insurance - General Liability	\$ 13,919.35	75.00%	\$ 10,439.51	25.00%	\$ 3,479.84	\$ 13,919.35
28	8-659	Insurance - Other	\$					
29	8-667	Reg. Commission Expense - Other	\$ 333.27	75.00%	\$ 249.95	25.00%	\$ 83.32	\$ 333.27
30	8-668	Reg. Commission Exp Legal - Rate Case	\$ 6,785.28	75.00%	\$ 5,088.96	25.00%	\$ 1,696.32	\$ 6,785.28
31	8-669	Reg. Commission Exp Travel - Rate Case	\$					
32	8-675	Miscellaneous Expense	\$ 1,637.37	75.00%	\$ 1,228.03	25.00%	\$ 409.34	\$ 1,637.37
33		Total Administrative & General	\$ 104,886.91		\$ 78,665.18		\$ 26,221.73	\$ 104,886.91
34								
35		<u>Customer Accounts:</u>						
36	7-620	Materials and Supplies	\$ 2,016.80	100.00%	\$ 2,016.80	0.00%	\$	\$ 2,016.80
37	7-633	Contractual Services - Legal	\$ 2,000.00	100.00%	\$ 2,000.00	0.00%	\$	\$ 2,000.00
38	7-634	Contractual Services - Management	\$ 500.00	100.00%	\$ 500.00	0.00%	\$	\$ 500.00
39	7-667	Reg. Comm Exp - Other	\$	100.00%	\$	0.00%	\$	\$
40	7-675	Miscellaneous Expense	\$ 139.40	100.00%	\$ 139.40	0.00%	\$	\$ 139.40
41		Total Customer Accounts	\$ 4,656.20		\$ 4,656.20		\$	\$ 4,656.20
42								
43		<u>Extraordinary items:</u>						
44	0-600	Extraordinary items	\$ (226.06)	50.00%	\$ (113.03)	50.00%	\$ (113.03)	\$ (226.06)
45		Total Extraordinary Items:	\$ (226.06)		\$ (94.95)		\$ (131.11)	\$ (226.06)
46								
47		<u>Interest:</u>						
48	0-427	Interest Expense	\$ 17,092.45	50.00%	\$ 8,546.23	50.00%	\$ 8,546.23	\$ 17,092.45

**EXHIBIT B: LAKE DURANGO WATER COMPANY
ALLOCATION TO RETAIL AND BULK CUSTOMERS**

	A	B	C	D	E	F	G	H
			Stipulated Adjusted	Allocation Factor Retail	Retail Customers	Allocation Factor Wholesale	Wholesale/ Bulk Customers	Total
1								
2								
3	Acct.No.							
4								
49	0-432	Interest Other	\$ -				\$ -	
50		Total Interest Expense	\$ 17,092.45		\$ 8,546.23		\$ 8,546.23	\$ 17,092.45
51								
52		<u>Other Expenses:</u>						
53	0-426	Misc. Nonutility Expenses	\$ 46.02	50.00%	\$ 23.01	50.00%	\$ 23.01	\$ 46.02
54		Total Other Expense:	\$ 46.02		\$ 23.01		\$ 23.01	\$ 46.02
55								
56		<u>Other Utility Operating Expense:</u>						
57	0-403	Depreciation Expense	\$ -		\$ -	100.00%	\$ -	\$ -
58	0-407	Amortization Expense	\$ -		\$ -	100.00%	\$ -	\$ -
59	0-408	Taxes Other Than Income	\$ 10,210.98	75.00%	\$ 7,658.24	25.00%	\$ 2,552.75	\$ 10,210.98
60	0-409	Income Taxes	\$ -		\$ -	100.00%	\$ -	\$ -
61	0-410	Provision of Deferred Income Taxes	\$ -		\$ -	100.00%	\$ -	\$ -
62	0-411	Provision of Deferred Income Taxes	\$ -		\$ -	100.00%	\$ -	\$ -
63	0-418	Penalties	\$ -		\$ -	100.00%	\$ -	\$ -
64		Total Other Utility Operating Expense	\$ 10,210.98		\$ 7,658.24		\$ 2,552.75	\$ 10,210.98
65								
66		<u>Source & Supply - Maintenance:</u>						
67	2-620	Materials and Supplies	\$ -		\$ -	100.00%	\$ -	\$ -
68	2-635	Contractual Services - Other	\$ -		\$ -	100.00%	\$ -	\$ -
69	2-645	Repair & Maintenance	\$ 4,000.00	80.00%	\$ 3,200.00	20.00%	\$ 800.00	\$ 4,000.00
70		Total Source & Supply - Maintenance	\$ 4,000.00		\$ 3,200.00		\$ 800.00	\$ 4,000.00
71								
72		<u>Source & Supply - Operations:</u>						
73	1-610	Purchased Water	\$ 49,564.50	50.00%	\$ 24,782.25	50.00%	\$ 24,782.25	\$ 49,564.50
74	1-618	Chemicals	\$ 5,256.50	50.00%	\$ 2,628.25	50.00%	\$ 2,628.25	\$ 5,256.50
75	1-620	Materials and Supplies	\$ 38.16	50.00%	\$ 19.08	50.00%	\$ 19.08	\$ 38.16
76	1-631	Contractual Services - Engineering	\$ 3,000.00	50.00%	\$ 1,500.00	50.00%	\$ 1,500.00	\$ 3,000.00
77	1-633	Contractual Services - Legal	\$ 2,493.75	50.00%	\$ 1,246.88	50.00%	\$ 1,246.88	\$ 2,493.75
78	1-635	Contractual Services - Other	\$ 42,000.00	50.00%	\$ 21,000.00	50.00%	\$ 21,000.00	\$ 42,000.00
79	1-650	Transportation Expense	\$ -	50.00%	\$ -	50.00%	\$ -	\$ -
80	1-657	Insurance - General Liability	\$ 1,306.50	50.00%	\$ 653.25	50.00%	\$ 653.25	\$ 1,306.50
81	1-667	Reg. Comm. Exp - Other	\$ -	50.00%	\$ -	50.00%	\$ -	\$ -
82		Total Source & Supply Operations	\$ 103,659.41		\$ 51,829.71		\$ 51,829.71	\$ 103,659.41
83								
84		<u>Trans & Dist - Maintenance:</u>						
85	6-620	Materials and Supplies	\$ 4,965.64	80.00%	\$ 3,972.51	20.00%	\$ 993.13	\$ 4,965.64
86	6-635	Contractual Services - Other	\$ 575.55	80.00%	\$ 460.44	20.00%	\$ 115.11	\$ 575.55
87	6-645	Repairs & Maintenance (Pumps)	\$ 17,952.52	80.00%	\$ 14,362.02	20.00%	\$ 3,590.50	\$ 17,952.52
88	6-675	Miscellaneous Expense	\$ 940.50	80.00%	\$ 752.40	20.00%	\$ 188.10	\$ 940.50
89		Total Trans & Dist. - Maintenance	\$ 24,434.21		\$ 19,547.37		\$ 4,886.84	\$ 24,434.21
90								
91		<u>Trans. & Dist. Operations:</u>						
92	5-615	Purchased Power	\$ 6,475.49	80.00%	\$ 5,180.39	20.00%	\$ 1,295.10	\$ 6,475.49

**EXHIBIT B: LAKE DURANGO WATER COMPANY
ALLOCATION TO RETAIL AND BULK CUSTOMERS**

	A	B	C	D	E	F	G	H
			Stipulated Adjusted	Allocation Factor Retail	Retail Customers	Allocation Factor Wholesale	Wholesale/ Bulk Customers	Total
1								
2								
3	Acct.No.							
4								
93	5-616	Fuel for Power Production	\$					
94	5-620	Materials and Supplies	\$ 278.58	80.00%	\$ 222.86	20.00%	\$ 55.72	\$ 278.58
95	5-635	Contractual Services - Other	\$ 11,062.50	80.00%	\$ 8,850.00	20.00%	\$ 2,212.50	\$ 11,062.50
96	5-645	Repairs & Maintenance	\$ 315.80	80.00%	\$ 252.64	20.00%	\$ 63.16	\$ 315.80
97	5-667	Regulatory Comm. Expense - Other	\$ 112.50	80.00%	\$ 90.00	20.00%	\$ 22.50	\$ 112.50
98	5-675	Miscellaneous Expense	\$ 22.58	80.00%	\$ 18.06	20.00%	\$ 4.52	\$ 22.58
99		Total Trans. & Dist - Operations	\$ 18,267.45		\$ 14,613.96		\$ 3,653.49	\$ 18,267.45
100								
101		<u>Water Treatment - Maintenance</u>						
102	4-620	Materials and Supplies						
103	4-635	Contractual Services - Other						
104	4-645	Repairs and Maintenance	\$ 1,348.20	80.00%	\$ 1,078.56	20.00%	\$ 269.64	\$ 1,348.20
105	4-659	Insurance - Other	\$ 13.50	80.00%	\$ 10.80	20.00%	\$ 2.70	\$ 13.50
106	4-675	Miscellaneous Expense	\$ 25.00	80.00%	\$ 20.00	20.00%	\$ 5.00	\$ 25.00
107		Total Water Treatment - Maintenance	\$ 1,386.70		\$ 1,109.36		\$ 277.34	\$ 1,386.70
108								
109								
110		<u>Water Treatment - Operations:</u>						
111	3-615	Purchased Power	\$ 20,356.47	50.00%	\$ 10,178.24	50.00%	\$ 10,178.24	\$ 20,356.47
112	3-616	Fuel for Power Production	\$ 733.05	50.00%	\$ 366.53	50.00%	\$ 366.53	\$ 733.05
113	3-618	Chemicals	\$ 19,814.00	50.00%	\$ 9,907.00	50.00%	\$ 9,907.00	\$ 19,814.00
114	3-619	Water Testing	\$ 8,000.00	50.00%	\$ 4,000.00	50.00%	\$ 4,000.00	\$ 8,000.00
115	3-620	Materials and Supplies	\$ 6,000.00	50.00%	\$ 3,000.00	50.00%	\$ 3,000.00	\$ 6,000.00
116	3-631	Contractual Services - Engineer	\$ 3,000.00	50.00%	\$ 1,500.00	50.00%	\$ 1,500.00	\$ 3,000.00
117	3-635	Contractual Services - Other	\$ 15,000.00	50.00%	\$ 7,500.00	50.00%	\$ 7,500.00	\$ 15,000.00
118	3-645	Repairs & Maintenance	\$ 2,500.00	50.00%	\$ 1,250.00	50.00%	\$ 1,250.00	\$ 2,500.00
119	3-653	Telephone	\$ 4,261.40	50.00%	\$ 2,130.70	50.00%	\$ 2,130.70	\$ 4,261.40
120	3-656	Insurance- Vehicle	\$ 161.00	50.00%	\$ 80.50	50.00%	\$ 80.50	\$ 161.00
121	3-657	Insurance- General Liability	\$ 1,648.50	50.00%	\$ 824.25	50.00%	\$ 824.25	\$ 1,648.50
122	3-659	Insurance - Other	\$ 8,975.14	50.00%	\$ 4,487.57	50.00%	\$ 4,487.57	\$ 8,975.14
123	3-667	Regulatory Comm. Expense - Other	\$	50.00%	\$	50.00%	\$	\$
124	3-675	Miscellaneous Expense	\$ 232.37	50.00%	\$ 116.19	50.00%	\$ 116.19	\$ 232.37
125		Total Water Treatment - Operations	\$ 90,681.93		\$ 45,340.97		\$ 45,340.97	\$ 90,681.93
126								
127								
128								
129		TOTAL EXPENSES	\$ 379,096.20		\$ 235,095.26		\$ 144,000.94	\$ 379,096.20

FIXED OPERATING EXPENSES

TO BE RECOVERED THROUGH FIXED METER RATE

	A	B	C	D	E
			Stipulated	Allocation	Allocation
			Adjusted	Retail	Bulk
1					
2					
3					
4		Administrative & General			
5	8-615	Purchased Power	\$ -	\$ -	\$ -
6	8-620	Materials and Supplies	\$ 1,814.03	\$ 1,360.52	\$ 453.51
7	8-632	Contractual Services - Accounting	\$ 10,500.00	\$ 7,875.00	\$ 2,625.00
8	8-633	Contractual Services - Legal	\$ 15,264.43	\$ 11,448.32	\$ 3,816.11
9	8-634	Contractual Services - Management	\$ 50,000.00	\$ 37,500.00	\$ 12,500.00
10	8-635	Contractual Services - Other	\$ 54.00	\$ 40.50	\$ 13.50
11	8-653	Telephone	\$ 4,579.18	\$ 3,434.39	\$ 1,144.80
12	8-657	Insurance - General Liability	\$ 13,919.35	\$ 10,439.51	\$ 3,479.84
13	8-668	Reg. Commission Exp Legal - Rate Case	\$ 6,785.28	\$ 5,088.96	\$ 1,696.32
14	8-675	Miscellaneous Expense	\$ 1,637.37	\$ 1,228.03	\$ 409.34
15		Total Administrative & General	\$ 104,553.64	\$ 78,415.23	\$ 26,138.41
16					
17		Customer Accounts:			
18	7-620	Materials and Supplies	\$ 2,016.80	\$ 2,016.80	\$ -
19	7-633	Contractual Services - Legal	\$ 2,000.00	\$ 2,000.00	\$ -
20	7-634	Contractual Services - Management	\$ 500.00	\$ 500.00	\$ -
21	7-667	Reg. Comm Exp - Other	\$ -	\$ -	\$ -
22	7-675	Miscellaneous Expense	\$ 139.40	\$ 139.40	\$ -
23		Total Customer Accounts	\$ 4,656.20	\$ 4,656.20	\$ -
24					
25		Extraordinary items:			
26	0-600	Extraordinary items	\$ (226.02)	\$ (113.01)	\$ (113.01)
27		Total Extraordinary Items:	\$ (226.02)	\$ (113.01)	\$ (113.01)
28					
29		Interest:			
30	0-427	Interest Expense	\$ 17,092.45	\$ 8,546.23	\$ 8,546.23
31	0-432	Interest Other	\$ -	\$ -	\$ -
32		Total Interest Expense	\$ 17,092.45	\$ 8,546.23	\$ 8,546.23
33					
34		Other Utility Operating Expense:			
35	0-403	Depreciation Expense	\$ -	\$ -	\$ -
36	0-407	Amortization Expense	\$ -	\$ -	\$ -
37	0-408	Taxes Other Than Income	\$ 10,210.98	\$ 7,658.24	\$ 2,552.75
38	0-409	Income Taxes	\$ -	\$ -	\$ -
39	0-410	Provision of Deferred Income Taxes	\$ -	\$ -	\$ -
40	0-411	Provision of Deferred Income Taxes	\$ -	\$ -	\$ -
41	0-418	Penalties	\$ -	\$ -	\$ -
42		Total Other Utility Operating Expense	\$ 10,210.98	\$ 7,658.24	\$ 2,552.75
43					
44	1-657	Insurance - General Liability	\$ 1,306.50	\$ 653.25	\$ 653.25
45	3-657	Insurance - General Liability	\$ 1,648.50	\$ 824.25	\$ 824.25
46	3-659	Insurance - Other	\$ 8,975.14	\$ 4,487.57	\$ 4,487.57
47	3-653	Telephone	\$ 4,261.40	\$ 2,130.70	\$ 2,130.70
48	5-667	Regulatory Comm. Expense - Other	\$ 112.50	\$ 90.00	\$ 22.50
49	5-620	Materials and Supplies	\$ 278.58	\$ 222.86	\$ 55.72
50	5-645	Repairs & Maintenance	\$ 315.80	\$ 252.64	\$ 63.16
51	3-675	Miscellaneous Expense	\$ 232.37	\$ 116.19	\$ 116.19
52	4-675	Miscellaneous Expense	\$ 25.00	\$ 20.00	\$ 5.00
53	5-675	Miscellaneous Expense	\$ 22.58	\$ 18.06	\$ 4.52
54			\$ 17,178.37	\$ 8,815.52	\$ 8,362.85
55					
56		Total Administrative Expense	\$ 153,465.62	\$ 107,978.40	\$ 45,487.22
57					
58		Fixed Meter Rate Per End User		\$ 20.45	\$ 6.297

EXHIBIT D: LDWC

ANNUAL WATER USAGE AS STIPULATED

	A	B	C	D	E	F	G	H
1	TOTAL CO	1998	1999	2000	2001	2002	2003	Avg
2								
3	Jan		2,852,600	4,950,963	3,754,270	4,451,086	3,929,532	3,987,690
4	Feb		4,255,490	4,300,290	3,754,270	3,879,610	3,516,332	3,941,198
5	Mar		4,435,370	4,258,500	3,440,850	3,541,860	3,535,400	3,842,396
6	Apr		3,649,640	4,712,410	4,257,270	4,377,990	4,611,736	4,321,809
7	May		3,353,480	6,763,863	4,631,180	5,269,790		5,004,578
8	Jun		4,914,246	8,453,288	6,987,890	7,681,310		7,009,184
9	Jul	9,150,000	7,853,654	10,191,070	12,735,725	8,567,380		9,699,566
10	Aug	6,861,553	6,320,180	8,770,910	8,254,970	6,431,600		7,327,843
11	Sept	5,240,900	2,389,180	7,294,776	6,231,290	5,768,085		5,384,846
12	Oct	4,938,032	3,985,570	5,530,850	6,069,120	5,344,605		5,173,635
13	Nov	3,777,398	4,046,120	4,518,659	6,224,340	4,279,413		4,569,186
14	Dec	2,553,970	5,127,566	3,863,130	4,847,770	4,144,187		4,107,325
15								
16	Total Gallons	32,521,853	53,183,096	85,704,949	71,188,945	63,736,916	15,593,000	64,369,256
17								
18	Six Month Gallons after Curtailment Plan				44,363,215	34,535,270		
19								
20	Total Acre Ft		163	263	218	196		198
21								
22	Bulk					55.00%		37,400,000
23	Retail					45.00%		30,600,000
24	Total							68,000,000
25								
26								
27								
28	BULK	1998	1999	2000	2001	2002	2003	Avg
29								
30	Jan			3,345,100	2,188,500	2,313,300	2,393,000	2,559,975
31	Feb			2,392,400	2,590,700	2,428,600	2,016,000	2,356,925
32	Mar			2,666,600	1,910,000	2,291,300	2,133,800	2,250,425
33	Apr			3,004,600	1,529,600	2,742,100	2,516,300	2,448,150
34	May			1,845,100	2,256,600	2,660,500		2,254,067
35	Jun			4,940,500	3,046,000	3,739,900		3,908,800
36	Jul		3,514,100	4,966,200	4,174,500	4,543,000		4,299,450
37	Aug		3,484,200	4,333,800	3,127,900	3,375,100		3,580,250
38	Sept		1,837,600	3,429,096	2,555,900	3,229,100		2,762,924
39	Oct		1,554,400	2,796,400	2,832,400	3,032,900		2,554,025
40	Nov		1,849,200	2,600,600	2,846,700	2,499,933		2,449,108
41	Dec		3,367,500	2,257,100	2,273,600	2,379,967		2,569,542
42								
43	Total Gallons			38,577,496	31,332,400	35,235,700	9,059,100	
44								
45	Six Month Gallons After Curtailment				17,811,000	19,060,000		
46								
47	Percentage Used by Bulk			45.01%	44.01%	55.28%	58.10%	

Note: Total usage declined in last six months of 2002, but bulk usage increased by 7%, meaning that bulk customers used a higher % of LDWC's total water.

SETTLEMENT PURPOSES

EXHIBIT E: LAKE DURANGO WATER COMPANY REVENUE REQUIREMENT AS STIPULATED

Attachment
Docket Nos. 03S-052W
& 02A-629W
Decision No. R03-1022
September 9, 2003
Page 31 of 65

	A	B	C	D
1		Total	Retail	Bulk
2				
3				
4	Allowable Operating Expenses	\$ 379,096.20	\$ 235,095.26	\$ 144,000.94
5				
6	Less Interest Expense	\$ 17,092.45	\$ 8,375.30	\$ 8,717.15
7				
8	Expenses Less Interest (Ln 4 - Ln 6)	\$ 362,003.75	\$ 226,719.96	\$ 135,283.79
9				
10	Operating Margin (Ln 12 - Ln 4)	\$ 37,000.06	\$ 25,502.40	\$ 11,497.67
11				
12	Revenue Requirement (Ln 8 / 87%)	\$ 416,096.26	\$ 260,597.66	\$ 155,498.61
13				
14				
15	Less Fixed Meter Revenue	\$ 153,465.62	\$ 107,978.40	\$ 45,487.22
16				
17	Commodity Revenue (Ln 12 - Ln 15)	\$ 262,630.64	\$ 152,619.25	\$ 110,011.39
18				
19	Annual Gallons	68,000,000	30,600,000	37,400,000
20				
21	Rate Per 1,000 Gallon (Ln 17 / Ln 19)		\$ 4.99	\$ 2.94
22				
23				

EXHIBIT F: LAKE DURANGO WATER COMPANY COMPARISON OF PROPOSALS

Revised June 30, 2003

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	
1	Current LDWC Tariff Rates				LDWC As Filed - Option #3	LDWC As Filed - Option #3			Stipulation							
2																
3		Retail	Bulk	Total			Retail	Bulk	Total				Retail	Bulk	Total	End User
4																
5	Meters	440	4			Meters	450	4		Meters	440	4				
6																
7	Flat Metered Rate	\$ 5.50				Flat Metered Rate	\$ 29.47			Flat Metered Rate	\$ 20.45					245
8	DW 1		\$ 5.50			DW 1		\$ 2,000		DW 1		\$ 1,543				335
9	DW 2		\$ 11.00			DW 2		\$ 2,400		DW 2		\$ 2,109				22
10	La Plata Vista		\$ 5.50			La Plata Vista		\$ 500		La Plata Vista		\$ 139				602
11																
12	Annual Revenue	29,040	396	29,436		Annual Revenue	159,138	58,800	217,938	Annual Revenue	107,976	45,490	153,466			\$6.30
13																
14																
15	Annual Usage (000s)	28,503	35,234	63,737		Annual Usage (000s)	36,770	43,230	80,000	Annual Usage (000s)	30,600	37,400	68,000			
16																
17	Usage Rate (000s)		\$ 2.90			Usage Rate (000s)		\$ 3.20		Usage Rate (000s)						
18	0-6	\$ 3.57				0-6	\$ 3.87			0-6	\$ 4.99	\$ 2.94				
19	6-12	\$ 6.00				6-12	\$ 6.00			6-12	\$ 8.00	\$ 3.68				
20	12-24	\$ 8.00				12-24	\$ 8.00			12-18	\$ 20.00	\$ 18.00				
21	24+	\$ 10.00				24+	\$ 20.00			18-24	\$ 40.00	\$ 38.00				
22										24+	\$ 60.00	\$ 58.00				
23																
24	Annual Revenue	101,756	102,179	203,934		Annual Revenue	142,300	138,336	280,636	Annual Revenue	152,619	110,011	262,631			
25																
26	Total Revenue	130,796	102,575	233,370		Total Revenue	301,438	197,136	498,574	Total Revenue	260,595	155,501	416,096			
27																
28																
29																
30	CUSTOMER IMPACT															
31																
32	Usage	Flat	Usage	Rev/Mo		Usage	Flat	Usage	Rev/Mo	Usage	Flat	Usage	Rev/Mo			
33	0	5.50	0	5.50		0	29.47	0	29.47	0	20.45	0	20.45			
34	1	5.50	3.57	9.07		1	29.47	3.87	33.34	1	20.45	4.99	25.44			
35	2	5.50	7.14	12.64		2	29.47	7.74	37.21	2	20.45	9.98	30.43			
36	3	5.50	10.71	16.21		3	29.47	11.61	41.08	3	20.45	14.96	35.41			
37	4	5.50	14.28	19.78		4	29.47	15.48	44.95	4	20.45	19.95	40.40			
38	5	5.50	17.85	23.35		5	29.47	19.35	48.82	5	20.45	24.94	45.39			
39	6	5.50	21.42	26.92		6	29.47	23.22	52.69	6	20.45	29.93	50.38			
40	7	5.50	27.42	32.92		7	29.47	29.22	58.69	7	20.45	37.93	58.38			
41	8	5.50	33.42	38.92		8	29.47	35.22	64.69	8	20.45	45.93	66.38			
42	9	5.50	39.42	44.92		9	29.47	41.22	70.69	9	20.45	53.93	74.38			
43	10	5.50	45.42	50.92		10	29.47	47.22	76.69	10	20.45	61.93	82.38			
44	11	5.50	51.42	56.92		11	29.47	53.22	82.69	11	20.45	69.93	90.38			
45	12	5.50	57.42	62.92		12	29.47	59.22	88.69	12	20.45	77.93	98.38			
46	13	5.50	65.42	70.92		13	29.47	67.22	96.69	13	20.45	97.93	118.38			
47	14	5.50	73.42	78.92		14	29.47	75.22	104.69	14	20.45	117.93	138.38			
48	15	5.50	81.42	86.92		15	29.47	83.22	112.69	15	20.45	137.93	158.38			
49	16	5.50	89.42	94.92		16	29.47	91.22	120.69	16	20.45	157.93	178.38			
50	17	5.50	97.42	102.92		17	29.47	99.22	128.69	17	20.45	177.93	198.38			
51	18	5.50	105.42	110.92		18	29.47	107.22	136.69	18	20.45	197.93	218.38			

Lake Durango Water Company - OUTSTANDING TAPS*

August 12, 2003

*The term "Outstanding Taps" as used in this exhibit refers to the the difference between the number of total committed taps and the number of total current end-users as listed in the chart on page 9. Outstanding taps may be linked or assigned to specific parcels of land. When applicable, this exhibit listed the linkage to specific parcels of land.

Durango West 1 Metro District

Total Committed Taps	264
Less: Current End Users	-245
Outstanding Taps	19

Durango West 2 Metro District

Total Committed Taps	362
Less: Current End Users	-335
Outstanding Taps	27

La Plata Vista HOA

Total Committed Taps	28
Less: Current End Users	-22
Outstanding Taps	6

Outstanding Tap Holders

- 1 Susan Griffith Davis
- 2 Karsten Peterson
- 3 Lois Bartig Small
- 4 Jon Williams
- 5 C. Fraley Rev. Trust
- 6 Clint Allen

Committed to Land

Parcel

Yes	Tract A -La Plata Vista Hills
Yes	Tract E - La Plata Vista Hills
Yes	Lot 2, LPV Estates
Yes	Lot 18, LPV Estates
Yes	Lot 12, LPV Estates
Yes	Lot 4, LPV Estates

Robert Johnson Family Interests

Total Committed Taps	13
Less: Current End Users	-2
Outstanding Taps	11

Lake Durango

Outstanding Tap Holders

- 1 Johnson, Larry
- 2 Johnson, Wil & Larry
- 3 Johnson, Wil & Larry
- 4 Johnson, Robert
- 5 Johnson, Larry

Committed to Land

Parcel

Yes	5661-283-00-018
Yes	5661-293-00-204
Yes	5661-293-00-208
Yes	5661-293-00-323
Yes	5661-294-00-210

Lake Durango Water Company - OUTSTANDING TAPS*

Robert Johnson Family Interests Lake Durango (continued)

Outstanding Tap Holders	Committed to Land	Parcel
6 Johnson, Robert & Mary	Yes	5661-321-00-300
7 Johnson, Robert & Mary	Yes	5661-321-00-329
8 Johnson, Robert	Yes	5661-322-00-326
9 Johnson, Will. E.	Yes	5661-332-00-009
10 Johnson, Amber	Yes	5661-311-00-324
11 Johnson, Jen	Yes	5661-311-00-325

Durango Partners

(Robert Johnson is a part owner in the entity, Durango Partners)

Total Committed Taps	22
Less: Current End Users	0
Outstanding Taps	22

VAQUERO

(Robert Johnson is a part owner in land and taps
in the area known as Vaquero)

Total Committed Taps	13
Less: Current End Users	-1
Outstanding Taps	12

RETAIL WATER USERS

Total Committed Taps	731
Less: Current End Users	-464
Outstanding Taps	267

Location	Outstanding Tap Holder	Committed to Land	Parcel
1 Rafter J	Mathews	Yes	5661-262-01-001
2 Rafter J	Hillmer	Yes	5661-262-01-002
3 Rafter J	Bosch	Yes	5661-262-01-005
4 Rafter J	McLaughlin	Yes	5661-262-02-004
5 Rafter J	Karsch	Yes	5661-262-02-005
6 Rafter J	Kiefer	Yes	5661-263-00-009
7 Rafter J	Escue	Yes	5661-263-01-012
8 Rafter J	Vaughn	Yes	5661-263-01-014
9 Rafter J	Trantham	Yes	5661-263-01-021
10 Rafter J	Elson	Yes	5661-263-01-023
11 Rafter J	Dawson	Yes	5661-263-01-024
12 Rafter J	Ozaki	Yes	5661-263-01-029
13 Rafter J	Chamblee	Yes	5661-263-02-009
14 Rafter J	Sullivan	Yes	5661-271-06-003
15 Rafter J	Sturm	Yes	5661-271-07-002
16 Rafter J	Bridges	Yes	5661-273-05-084
17 Rafter J	Bridges	Yes	5661-273-05-085
18 Rafter J	Widder	Yes	5661-273-05-106

Lake Durango Water Company - OUTSTANDING TAPS*

RETAIL WATER USERS

Location	Outstanding Tap Holder	Committed to Land	Parcel	
19 Rafter J	Hawkins	Yes	5661-273-05-111	
20 Rafter J	Campbell	Yes	5661-273-05-113	
21 Rafter J	Bilich	Yes	5661-274-05-059	
22 Rafter J	Johnson, Walter	Yes	5661-274-05-066	
23 Rafter J	Honig	Yes	5661-274-06-007	
24 Rafter J	Picard	Yes	5661-274-09-004	
25 Rafter J	Johnson, Curtis	Yes	5661-274-09-005	
26 Rafter J	Waziri	Yes	5661-274-10-002	
27 Rafter J	Hood	Yes	5661-274-10-005	
28 Rafter J	Berghoff	Yes	5661-274-10-014	
29 Rafter J	Pahlke	Yes	5661-343-05-171	
30 Rafter J	Patterson	Yes	5661-342-05-175	
31 Rafter J	Midthun	Yes	5661-342-05-079	
32 Rafter J	Pacheco	Yes	5661-342-05-081	
33 Rafter J	Sadler	Yes	5661-342-05-082	
34 Rafter J	Mythren	Yes	5661-341-07-006	
35 Rafter J	Burg	Yes	5661-341-05-097	
36 Rafter J	Owens	Yes	5661-341-05-098	
37 Rafter J	Rustad	Yes	5661-341-05-109	
38 Rafter J	Rustad	Yes	5661-341-05-110	
39	Peterson	Yes	5661-284-06-079	
40	Kemple	Yes	5661-283-00-027	
41	Kemple	No		
42	Rodriguez	Yes	5661-294-01-002	
43	Max	Yes	Boundary ADJ	
44	Hobsen	Yes	Boundary ADJ	
45	Mashburn	Yes	5661-231-00-185	
46	Altman	Yes	5661-322-00-327	
47	Webber	Yes	5661-323-00-088	
48	Wilcox	Yes	5661-333-00-006	
49	Forster	Yes	5661-324-00-257	
50	Pidgeon	Yes	5661-311-00-099	
51	Johnson, Frank	Yes	5661-394-00-322	
52	O'Neal	Yes	5661-311-00-098	
53	Aggeler	Yes	5661-311-00-136	
54	Ebid	(two total, 1 not committed	Yes	5661-312-00-134
55	Ebid	to a parcel of land)	No	
56	Wine	(six total, 5 not committed	Yes	5661-314-00-163
57	Wine	to a parcel of land)	No	
58	Wine	No		
59	Wine	No		
60	Wine	No		
61	Wine	No		

Lake Durango Water Company - OUTSTANDING TAPS*

RETAIL WATER USERS

Location	Outstanding Tap Holder	Committed to Land	Parcel
62 Trap.Cr,P,or Shen.	Ralph	Yes	5663-042-03-002
63 Trap.Cr,P,or Shen.	Holden	Yes	5663-042-03-004
64 Trap.Cr,P,or Shen.	Martinez	Yes	5663-042-03-006
65 Trap.Cr,P,or Shen.	Jones	Yes	5663-042-03-008
66 Trap.Cr,P,or Shen.	Trappers C. at DGO.L.P.	Yes	5663-043-00-007
67 Trap.Cr,P,or Shen.	Stuart	Yes	5663-043-02-001
68 Trap.Cr,P,or Shen.	Collins	Yes	5663-051-00-126
69 Trap.Cr,P,or Shen.	Westwood	Yes	5663-051-00-141
70 Trap.Cr,P,or Shen.	Shen.of DGO.LLL	Yes	5663-051-00-156
71 Trap.Cr,P,or Shen.	Shen.of DGO.LLL	Yes	5663-051-00-156
72 Trap.Cr,P,or Shen.	Alcock	Yes	5663-051-00-160
73 Trap.Cr,P,or Shen.	Fagone	Yes	5663-052-00-013
74 Trap.Cr,P,or Shen.	Bartel	Yes	5663-052-00-134
75 Trap.Cr,P,or Shen.	Jensen	Yes	5663-052-00-137
76 Trap.Cr,P,or Shen.	Clark	Yes	5663-052-00-144
77 Trap.Cr,P,or Shen.	Kress	Yes	5663-052-00-148
78 Trap.Cr,P,or Shen.	Kroesen	Yes	5663-052-02-003
79 Trap.Cr,P,or Shen.	Alcock	Yes	5663-053-02-037
80 Trap.Cr,P,or Shen.	Applebaum	Yes	5663-054-01-005
81 Trap.Cr,P,or Shen.	Stuart	Yes	5663-054-01-006
82 Trap.Cr,P,or Shen.	Brannen	Yes	5663-061-00-075
83 Trap.Cr,P,or Shen.	Rhoads	Yes	5663-061-00-147
84 Trap.Cr,P,or Shen.	Rottman	Yes	5663-061-01-005
85 Trap.Cr,P,or Shen.	Coble	Yes	5663-061-01-005
86 Trap.Cr,P,or Shen.	Curtis	Yes	5663-062-00-157
87 Trap.Cr,P,or Shen.	Curtis	No	
88 Trap.Cr,P,or Shen.	Curtis	No	
89 Trap.Cr,P,or Shen.	Hutchinson	Yes	5663-062-00-165
90 Trap.Cr,P,or Shen.	Johnson	Yes	5663-062-01-008
91 Trap.Cr,P,or Shen.	Shen. Of DGO.LLL	Yes	5663-062-02-011
92 Trap.Cr,P,or Shen.	Kinney	Yes	5663-062-02-012
93 Trap.Cr,P,or Shen.	Shen. Of DGO.LLL	Yes	5663-062-02-014
94 Trap.Cr,P,or Shen.	Shen. Of DGO.LLL	Yes	5663-062-02-017
95 Trap.Cr,P,or Shen.	Shen. Of DGO.LLL	Yes	5663-062-02-024
96 Trap.Cr,P,or Shen.	Shen. Of DGO.LLL	Yes	5663-062-02-025
97 Trap.Cr,P,or Shen.	Shen. Of DGO.LLL	Yes	5663-063-00-162
98 Trap.Cr,P,or Shen.	Shen. Of DGO.LLL (ref. Lot 5663-063-00-162)	No	
99 Trap.Cr,P,or Shen.	S. Krug Co.LLC	Yes	5663-063-02-007
100 Trap.Cr,P,or Shen.	Watters	Yes	5663-063-02-003
101 Trap.Cr,P,or Shen.	Burdick	Yes	5663-063-02-008
102 Trap.Cr,P,or Shen.	Wittman	Yes	5663-063-02-009
103 Trap.Cr,P,or Shen.	Shen. Of DGO.LLL	Yes	5663-063-02-015
104 Trap.Cr,P,or Shen.	Shen. Of DGO.LLL	Yes	5663-063-02-016
105 Trap.Cr,P,or Shen.	Shen. Of DGO.LLL	Yes	5663-063-02-018
106 Trap.Cr,P,or Shen.	Shen. Of DGO.LLL	Yes	5663-063-02-021

Lake Durango Water Company - OUTSTANDING TAPS*

RETAIL WATER USERS

Location	Outstanding Tap Holder	Committed to Land	Parcel
107 Trap.Cr,P,or Shen.	Arnett	Yes	5663-063-02-020
108 Trap.Cr,P,or Shen.	Hutchinson	Yes	5663-063-02-021
109 Trap.Cr,P,or Shen.	Hutchinson	Yes	5663-063-02-022
110 Trap.Cr,P,or Shen.	Shen. Of DGO.LLL	Yes	5663-063-02-023
111 Trap.Cr,P,or Shen.	Whatcott	Yes	5663-064-01-022
112 Trap.Cr,P,or Shen.	Yeager	Yes	5663-064-01-023
113 Trap.Cr,P,or Shen.	Babich	Yes	5663-064-01-029
114 Trap.Cr,P,or Shen.	Hart	Yes	5663-064-01-030
115 Trap.Cr,P,or Shen.	Kleger	Yes	5663-064-01-033
116 Trap.Cr,P,or Shen.	Bruce	Yes	5663-064-01-039
117 Trap.Cr,P,or Shen.	Naegele	Yes	5663-064-01-043
118 Trap.Cr,P,or Shen.	Mogge	Yes	5663-064-01-045
119 Trap.Cr,P,or Shen.	Shen. Of DGO.LLL	Yes	5663-071-00-134
120 Trap.Cr,P,or Shen.	Shen. Of DGO.LLL	Yes	5663-071-00-136
121 Trap.Cr,P,or Shen.	Shen. Of DGO.LLL (ref. Lot 5663-071-00-136)	No	
122 Trap.Cr,P,or Shen.	Shen. Of DGO.LLL	Yes	5663-071-00-131
123 Trap.Cr,P,or Shen.	Shen. Of DGO.LLL	Yes	5663-071-00-157
124 Trap.Cr,P,or Shen.	Shen. Of DGO.LLL (ref. Lot 5663-071-00-157)	No	
125 Trap.Cr,P,or Shen.	Shen. Of DGO.LLL (ref. Lot 5663-071-00-157)	No	
126 Trap.Cr,P,or Shen.	Shen. Of DGO.LLL	Yes	5663-071-00-165
127 Trap.Cr,P,or Shen.	Shen. Of DGO.LLL (ref. Lot 5663-071-00-165)	No	
128 Trap.Cr,P,or Shen.	Shen. Of DGO.LLL	Yes	5663-072-00-137
129 Trap.Cr,P,or Shen.	Shen. Of DGO.LLL (ref. Lot 5663-071-00-137)	No	
130 Trap.Cr,P,or Shen.	Shen. Of DGO.LLL (ref. Lot 5663-071-00-137)	No	
131 Trap.Cr,P,or Shen.	Hutchinson	Yes	5663-072-00-140
132 Trap.Cr,P,or Shen.	Hutchinson (ref. Lot 5663-071-00-140)	No	
133 Trap.Cr,P,or Shen.	Hutchinson	Yes	5663-072-00-163
134 Trap.Cr,P,or Shen.	Hutchinson (ref. Lot 5663-071-00-163)	No	
135 Trap.Cr,P,or Shen.	La Plata Vistas LLC	Yes	5663-072-00-168
136 Trap.Cr,P,or Shen.	La Plata Vistas LLC	Yes	5663-073-00-169
137 Trap.Cr,P,or Shen.	Greenlee	Yes	5663-083-00-008
138 Trap.Cr,P,or Shen.	Hyder	Yes	5663-084-00-011
139 Trap.Cr,P,or Shen.	Blossom	Yes	5663-084-00-802
140 Trap.Cr,P,or Shen.	Caplan	Yes	5663-092-00-149
141 Trap.Cr,P,or Shen.	Peltzman	Yes	5663-092-00-151
142 Trap.Cr,P,or Shen.	Wingard	Yes	5663-093-00-143
143 Trap.Cr,P,or Shen.	Lowenstern	Yes	5663-093-00-162
144 Trap.Cr,P,or Shen.	Weis	Yes	5907-063-00-807
145 Trap.Cr,P,or Shen.	Blossom	Yes	5907-063-00-810
146 Trap.Cr,P,or Shen.	Hanselman	Yes	5907-072-00-062
147 Trap.Cr,P,or Shen.	Nelsen	Yes	5907-072-00-074
148 Trap.Cr,P,or Shen.	Trappers Crossing @ Dur.	Yes	5907-072-00-084
149 Trap.Cr,P,or Shen.	Sunderland	Yes	5907-072-00-814
150 Trap.Cr,P,or Shen.	Blanchfield	Yes	5907-073-00-063
151 Trap.Cr,P,or Shen.	Blilie	Yes	5907-073-00-064

Lake Durango Water Company - OUTSTANDING TAPS*

RETAIL WATER USERS

	Outstanding Tap Holder	Committed to Land	Parcel
152	Trap.Cr,P,or Shen. Granello	Yes	5907-073-00-065
153	Trap.Cr,P,or Shen. Pettinato	Yes	5907-073-00-070
154	Trap.Cr,P,or Shen. Sluski	Yes	5907-073-00-085
155	Trap.Cr,P,or Shen. Furtney	Yes	5907-074-00-072
156	Trap.Cr,P,or Shen. Ashwood	Yes	5907-182-00-066
157	Trap.Cr,P,or Shen. Trappers Crossing @ Dur.	Yes	5909-013-00-821
158	Trap.Cr,P,or Shen. Russick	Yes	5909-014-00-178
159	Trap.Cr,P,or Shen. Trappers Crossing @ Dur.	Yes	5909-024-00-822
160	Trap.Cr,P,or Shen. Shen. Revocable Trust	Yes	5909-111-00-211
161	Trap.Cr,P,or Shen. Sunderland	Yes	5909-121-00-802
162	Longhollow English	Yes	5909-142-02-030
163	Longhollow English	No	
164	Longhollow English	No	
165	Longhollow English	No	
166	Longhollow English	No	
167	Longhollow English	No	
168	Longhollow English	No	
169	Longhollow Waters	Yes	5909-144-03-002
170	Longhollow Rothwell	Yes	5909-211-01-009
171	Longhollow Leflet	Yes	5909-224-03-014
172	Longhollow Rohrich	Yes	5909-231-03-003
173	Longhollow Jones	Yes	5909-231-03-008
174	Longhollow Furukawa	Yes	5909-232-03-004
175	Longhollow Koontz	Yes	5909-232-03-337
176	Longhollow Chavez	Yes	5909-233-03-010
177	Longhollow Eldred	Yes	5909-233-03-017
178	Longhollow McMillan	Yes	5909-261-03-807
179	Longhollow Fletcher, J&S	Yes	5909-262-03-023
180	Longhollow Pacheco	Yes	5909-262-03-024
181	Longhollow Avila	Yes	5909-272-03-034
182	Longhollow Cross	Yes	5909-274-03-032
183	Longhollow Scheper	Yes	5909-274-03-032
184	Longhollow Vermont	Yes	5909-262-03-111
185	Longhollow Inglis	Yes	5663-081-00-002 TR
186	Longhollow Mosher	Yes	5663-081-00-003 TR
187	Longhollow Shireman	Yes	5663-081-00-004 TR
188	Longhollow Bryant	Yes	5663-081-00-005 TR
189	Schumann	No	
190	Ed Mooney	No	
191	Ed Mooney	No	
192	Ed Mooney	No	
193	Ed Mooney	No	
194	Ed Mooney	No	
195	Ed Mooney	No	

Lake Durango Water Company - OUTSTANDING TAPS*

RETAIL WATER USERS

Location	Outstanding Tap Holder	Committed to Land	Parcel
196	Pidgeon (ten total)	No	
197	Pidgeon	No	
198	Pidgeon	No	
199	Pidgeon	No	
200	Pidgeon	No	
201	Pidgeon	No	
202	Pidgeon	No	
203	Pidgeon	No	
204	Pidgeon	No	
205	Pidgeon	No	
267 Trapper's Crossing	Ron Spence (Trappers' Crossing - 62 total)	No	

Lake Durango Water Company

****IMPORTANT CUSTOMER NOTICE****

As most of you are aware, Lake Durango Water Company has experienced extremely low water levels in the lake as the result of the drought. While we have received some significant replenishment from the spring run off, we are not out of the woods yet and need to continue to conserve water in the coming year. The following water use restriction plan has been approved by the Colorado Public Utilities Commission and **we currently are approved at Stage 2** and will remain at that Stage until further notice.

**** Please abide by the Stage 2 restrictions, effective immediately. ****

Approved Water Use Restriction Plan

Stage 1: Outside watering is limited to two hours per day, two days per week (Tuesday and Friday, 7am to 9am or 7pm to 9pm). Hoses may be used but may not be left unattended without sprinkler head or control device (open running hoses may not be left unattended). Car/boat/recreational vehicle washing is not permitted. Except for livestock, no filling of tanks or ponds is permitted. Swimming pools, koy ponds, waterfalls, or any type of landscaping ponds may not be filled. Excess water will not be allowed to run down driveways, ditches, or roads. Watering potted plants with pails, buckets, or watering cans is allowed at any time. (Stage 1 will be in effect whenever there is more than 600 acre feet of water in the lake.)

Stage 2: Outside watering is limited to two hours, one day per week (Tuesday or Friday, 7am to 9am or 7pm to 9pm). All other restrictions of Stage 1 apply. (Stage 2 will be in effect when there is between 350 and 599 acre feet of water in the lake.)

Stage 3: No outside watering is permitted. All other restrictions of Stage 1 apply. (Stage 3 will be in effect when there is between 250 and 349 acre feet of water in the lake.)

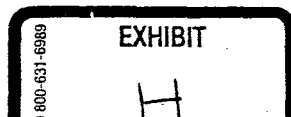
Stage 4: No outside use of water in any fashion is permitted. Limits on the inside household use of water will be implemented. Strict adherence to the limits will be required. (Stage 4 will be implemented at any time the lake falls below 250 acre feet).

Compliance Incentive Assessments

Representatives of Lake Durango Water Company, Durango West 1, Durango West 2, and LaPlata Vista will monitor compliance with this Water Use Restriction Plan. Observed violations will be subject to the following conservation incentive rate assessments:

First Offense: Written Warning
Second Offense: \$100
Third Offense: \$150
Each Subsequent Offense: \$200

Durango West 1, Durango West 2, and LaPlata Vista have agreed to implement the same or more stringent restrictions as those included in the Water Use Restriction Plan. For the collective benefit of all end-use customers, it is vitally important that everyone abides by the same rules and cooperates in conserving water.



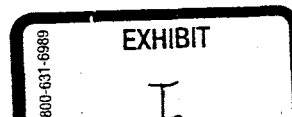
LEASE AGREEMENT

THIS LEASE AGREEMENT is entered into this 29th day of August, 2003 between ROBERT P. JOHNSON, hereinafter referred to as "Johnson", and LAKE DURANGO WATER COMPANY, INC., hereinafter referred to as "LDWC".

WITNESSETH

In consideration of the terms and conditions hereinafter set forth, the parties agree as follows:

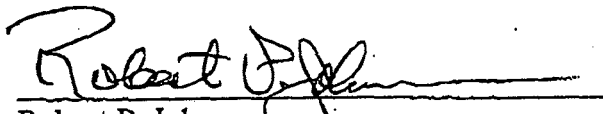
1. Johnson and LDWC collectively have available for use in diverting water to Lake Durango Reservoir, 27 shares of the Pine Ridge Ditch represented by certificate numbers 91.
2. Johnson and LDWC agree, for the purposes of this agreement, whether the 27 shares are titled in the name of Robert P. Johnson or Lake Durango Water Company, Inc., or otherwise, that the total 27 shares of the Pine Ridge Ditch shall be committed and utilized for the diversion, storage and treatment of water through the LDWC's water system.
3. LDWC shall pay to Johnson as an annual purchase water expense (lease) the sum of \$49,565.00. This amount may be adjusted in future rate cases before the Public Utilities Commission.
4. So long as the LDWC is under the jurisdiction of the Public Utilities Commission, this lease shall remain in effect and shall be considered to renew annually.
5. If the Public Utilities Commission either terminates its jurisdiction over LDWC or approves a sale of LDWC to a third party, then this lease shall be considered terminated, and of no force or effect.
6. Payments under this lease shall be due to Johnson regardless of the amount of water produced by the 27 shares of the Pine Ridge Ditch for use in the LDWC water system. However, at all times, the total 27 shares shall be committed 100% to LDWC's uses, thereby unconditionally assuring the availability of water to LDWC and its customers of all water that can be produced by the 27 shares.
7. This lease agreement cannot be terminated, modified, assigned or transferred without the consent and permission of the Public Utilities Commission.



8. In the event of the death of Robert P. Johnson, this agreement shall be binding upon Robert P. Johnson's heirs, successors and assigns to commit the entire 27 share of the Pine Ridge Ditch for the use and benefit of LDWC and its customers.


As first dated above.

LESSOR:


Robert P. Johnson

LESSEE:

LAKE DURANGO WATER COMPANY, INC.


By:
Title:



HARRIS WATER ENGINEERING, INC.

954 East Second Avenue
Durango, Colorado 81301
(970) 259-5322
(970) 247-0587 - FAX

Steven C. Harris, P.E.

May 1, 2003

Janet Anderson, Manager
Durango West Metro District No. 1
119 Hollyhock
Durango, Colorado 81301

Re: Engineering Agreement to Prepare Lightner Creek Raw Water Project Study

Dear Janet:

This letter is to describe the work to be performed to prepare an appraisal evaluation of the Lightner Creek Raw Water Project. The evaluation will be to adequate detail to generally determine: the amount of water that might be obtained from Lightner Creek; the types of facilities that might be constructed to convey the water from Lightner Creek to Lake Durango; describe optional facilities to develop the water supply; the approximate costs of alternatives facilities; significant issues with development of the project; and "ball park" cost to users. The general tasks will include:

- Evaluate locations to divert water from Lightner Creek
- Evaluate optional facilities to convey water from Lightner Creek to Lake Durango
- Estimate the available water supply in Lightner Creek using existing water rights
- Estimate the number of houses that could be served from the supply
- Estimate the general cost of alternative facilities
- Estimate the annual pumping costs
- Estimate the annual cost to operate and repay debt
- Prepare a short report describing the results

The work will be conducted on an hourly basis plus any direct expenses. My billing rate will be the standard \$90 per hour and \$35 per hour for technician time. Direct expenses might include copies, drafting, other consultants; which will be billed at cost. Though not guaranteed, the services will probably cost between \$4,000 and \$5,000. Please contact me if you have any questions or comments.

Sincerely,



Steven C Harris

Durango West Metro District No. 1

EXHIBIT

631-0383

LAKE DURANGO WATER COMPANY, INC.
P.O. BOX 2401
DURANGO, COLORADO 81302

COLORADO P.U.C. NO. 3 WATER
FIRST REVISED SHEET NO. 1
REPLACES ORIGINAL SHEET NO. 1

Attachment
Docket Nos. 03S-052W
& 02A-629W
Decision No. R03-1022
September 9, 2003
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Advice Letter No. 13

Effective Date:

EXHIBIT

K

Issue Date: _____

Decision No. _____

Issuing Officer with Title:

Robert P. Johnson, President

LAKE DURANGO WATER COMPANY, INC.
P.O. BOX 2401
DURANGO, COLORADO 81302

COLORADO P.U.C. NO. 3 WATER
FIRST REVISED SHEET NO. 2
REPLACES ORIGINAL SHEET NO. 2

Attachment
Docket Nos. 03S-052W
& 02A-629W
Decision No. R03-1022
September 9, 2003
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Advice Letter No. 13

Effective Date:

Issue Date: _____

Decision No. _____

Issuing Officer with Title:

Robert P. Johnson, President

LAKE DURANGO WATER COMPANY, INC.
P.O. BOX 2401
DURANGO, COLORADO 81302

COLORADO P.U.C. NO. 3 WATER
FIRST REVISED SHEET NO. 2A
REPLACES ORIGINAL SHEET NO. 2A

Attachment
Docket Nos. 03S-052W
& 02A-629W
Decision No. R03-1022
September 9, 2003
Page 47 of 65

Key to Symbols on Revised Tariff Sheets

I	-	indicates an increase
R	-	indicates a reduction
T	-	indicates change in text but no change in rate regulation
N	-	indicates new rate or regulation
C	-	indicates changed regulation
S	-	indicates reissued matter (from another sheet)
D	-	indicates discontinued rate or regulation
M	-	indicates material moved to another sheet

Advice Letter No. 13

Effective Date: _____

Issue Date: _____

Decision No. _____

Issuing Officer with Title:
Robert P. Johnson, President

LAKE DURANGO WATER COMPANY, INC.
P.O. BOX 2401
DURANGO, COLORADO 81302

COLORADO P.U.C. NO. 3 WATER
FIRST REVISED SHEET NO. 3
REPLACES ORIGINAL SHEET NO. 3

Attachment
Docket Nos. 03S-052W
& 02A-629W
Decision No. R03-1022
September 9, 2003
Page 48 of 65

PREAMBLE

These Rules, Regulations and Tariffs of the Lake Durango Water Company, Inc. (Lake Durango or the Company) are promulgated under the express authority granted to the Company by the Colorado Public Utilities Commission (PUC or Commission).

I. General Service Classifications and Rates

1. Service Area.

Lake Durango Water Company, Inc. (Lake Durango or the Company) will generally provide water service to customers in an area of approximately 15 square miles lying 5 to 10 miles west of the City of Durango, La Plata County in southwestern Colorado. Lake Durango cannot provide service to all prospective users within the service area but will only serve to the extent of its capacity.

2. Customers and Classes of Service.

The Customer shall mean one class of service furnished to an individual or corporation at a single address or location. A single request for service cannot apply to different locations. A single request cannot cover more than one meter. There shall be two classes of service, Retail and Bulk. Retail Customers shall mean all customers who receive water service from the company at their personal dwelling used for residential purposes for domestic general household purposes in a space occupied as living quarters, typically designed for occupancy by one family. Service includes, but is not limited to the following separately metered units: single private residence, single apartment, mobile home, low income housing unit, nursing home unit,

Advice Letter No. 13

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Robert P. Johnson, President

LAKE DURANGO WATER COMPANY, INC.
P.O. BOX 2401
DURANGO, COLORADO 81302

COLORADO P.U.C. NO. 3 WATER
FOURTH REVISED SHEET NO. 4
REPLACES THIRD REVISED SHEET NO. 4

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parsonage paid by the church, individually metered low income housing paid by a housing authority, and individually metered employee housing paid by the government or business entity. In addition, auxiliary buildings on the same premises as the living quarters, used for residential purposes, will also be considered residential usage.

Bulk Customers shall mean one of the three consolidated areas currently served by the Company, namely, Durango West Metropolitan District No. 1 (DW 1), Durango West Metropolitan District No. 2 (DW 2) and La Plata Vista HOA, plus such other wholesale customers to which the Company may, in the future, with prior Commission approval, offer bulk or wholesale arrangements.

3. Rates.

The rates for service shall be as follows:

a. Retail Customers.- Minimum monthly charge for water service is to be a \$20.45 Monthly Fixed Charge and Commodity charges as follows:

(a.1) FIRST	6,000 Gallons-----	\$4.99/1000 Gallons
NEXT	6,000 Gallons-----	\$8.00/1000 Gallons*
NEXT	6,000 Gallons-----	\$20.00/1000 Gallons
NEXT	6,000 Gallons -----	\$40.00/1000 Gallons

Everything over & above 24,000 Gallons-----\$60.00/1000 Gallons

* Consumption by a Retail Customer in excess of 6,000 gallons per month shall result in "Premium Revenue" to the company, which shall be deposited in the Capital Improvement Fund (CIF) described in the Settlement Agreement attached to Decision No. _____ dated _____, 2003. "Premium Revenue" is the product of the number of gallons consumed by the Retail Customer in the month in excess of 6,000 times the difference between \$4.99 and the rate(s) in the block(s) applicable to the customer's consumption in excess of 6,000 gallons.

(a.2) If a ratepayer or occupant during any monthly period has consumed an amount of water in excess of normal seasonal usage because of a verified leak that could not reasonably have been detected or other unknown loss of water the ratepayer shall only be charged the base (\$4.99/1000 gallons) rate. This provision does not apply when the water company was unable to gain access to repair the leak.

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COLORADO P.U.C. NO. 3 WATER
SIXTH REVISED SHEET NO. 5
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(b.) Bulk Customers – The minimum monthly Fixed charge for Bulk Customers shall be as follows:

(b.1) Durango West Metropolitan District No. 1 – Monthly Fixed Charge of \$1543.00.

(b.2) Durango West Metropolitan District No. 2. – Monthly Fixed Charge of \$2109.00.

(b.3) La Plata Vista HOA - Monthly Fixed Charge of \$139.00.

(b.4) Commodity charges for Bulk Customers shall be as follows:

FIRST 6,000 Gallons	\$2.94/1000 Gallons*
NEXT 6,000 Gallons	\$3.67/1000 Gallons+
NEXT 6,000 Gallons	\$18.00/1000 Gallons
NEXT 6,000 Gallons	\$38.00/1000 Gallons
Everything over & above 24,000 gallons	\$58.00/1000 Gallons

* For each Bulk Customer the rate of \$2.94/1000 gallons is applied to all consumption by the Bulk Customer in the month up to an amount (hereafter called "Base Consumption") equal to 6,000 gallons times the number of "Current End-Users" associated with the Bulk Customer (as calculated from time to time in accordance with the Settlement Agreement attached to Decision No. _____, dated _____, 2003).

+ Consumption by a Bulk Customer in excess of Base Consumption shall result in "Premium Revenue" to the company, which shall be deposited in the Capital Improvement Fund (CIF) described in the Settlement Agreement attached to Decision No. _____ dated _____, 2003. "Premium Revenue" is the product of the number of gallons consumed by the Bulk Customer in the month in excess of Base Consumption times the difference between \$2.94 and the rate(s) in the block(s) applicable to the Bulk Customer's consumption that exceeds Base Consumption.

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THIRD REVISED SHEET NO. 5A
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c. Service Commitment Fee

(c.1). Retail Customers. In accordance with that certain Settlement Agreement attached to Decision No. _____, dated _____:

- (i) New Retail Customers not included in "Total Committed Taps" as defined in the Settlement Agreement will be subject to a Service Commitment Fee prior to being provided service;
- (ii) The initial Retail Customer Service Commitment Fee is set at \$6,000;
- (iii) No Retail Customer Service Commitment Fee will be collected until further order of the Commission;
- (iv) Retail Customer Service Commitment Fee receipts shall be deposited in the Company's Capital Improvement Fund (CIF), as described in the Settlement Agreement.

(c.2) Bulk Customers. In accordance with that certain Settlement Agreement attached to Decision No. _____, dated _____, no Service Commitment Fee shall apply to Bulk Customers until further order of the Commission.

d. Water Restriction Plan.

(d.1) The company shall implement water restrictions by stage based on water levels of the Lake Durango Reservoir as follows:

Lake Durango Reservoir Level (acre feet)*	Stages of Restriction
800 or more	No Restriction
600-799	Stage I
350-599	Stage II
250-349	Stage III
Below 250	Stage IV

*If for a period of 14 consecutive days the reservoir level is above or below the level for the restriction stage then in effect, the company shall immediately implement the new stage appropriate to the sustained 14-day level and provide coincident notice to the Commission and prompt individual notice to customers.

(d.2). Stage 1: Outside watering is limited to two hours per day, two days per week (Tuesday and Friday, 7am to 9am or 7pm to 9pm). Hoses may be used but may not be left unattended without sprinkler head or control device (open running hoses may not be left unattended). Car/boat/recreational vehicle washing is not permitted. Except for livestock, no filling of tanks or ponds is permitted. Swimming pools, koy ponds, waterfalls, or any type of landscaping ponds may not be filled. Excess water will not be allowed to run down driveways, ditches or roads. Watering potted plants with pails, buckets, or watering cans is allowed at any time. (Stage 1 will be in effect whenever there is more than 600 acre feet of water in Lake Durango Reservoir.)

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COLORADO P.U.C. NO. 3 WATER
FIRST REVISED SHEET NO. 5B
REPLACES ORIGINAL SHEET NO. 5B

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(d.3) Stage 2: Outside watering is limited to two hours, one day per week (Tuesday **or** Friday, 7am to 9am **or** 7pm to 9pm). All other restrictions of Stage 1 apply. Stage 2 will be in effect when there is between 350 and 599 acre feet of water in Lake Durango Reservoir.)

(d.4) Stage 3: No outside watering is permitted. All other restrictions of Stage 1 apply. (Stage 3 will be in effect when there is between 250 and 349 acre feet of water in Lake Durango Reservoir.)

(d.5) Stage 4: No outside use of water in any fashion is permitted. Limits on the inside household use of water will be implemented. Strict adherence to the limits will be required. (Stage 4 will be implemented at any time Lake Durango Reservoir falls below 250 acre feet.)

d. Conservation Incentive Rates

The following "Conservation Incentive Rates" will be assessed any Retail Customer who fails to abide by the restrictions in place, as evidenced by a reasonable written verification obtained by the Company describing the time and nature of the offense:

1 st Offense	Written Warning
2 nd Offense	\$100
3 rd Offense	\$150
Each subsequent Offense	\$200

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II. RULES AND REGULATIONS

(RESERVED FOR FUTURE USE)

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3. Customer Deposits

a. Retail Customers. At the time of application for water service the Company may require every retail consumer to make a cash deposit not exceeding an estimated ninety days' bill of such consumer to guarantee payment of water bills. This deposit shall be carried on the Company's books in the name of the customer. The deposit will be returned to the customer upon discontinuance from the system and upon payment of all unpaid water bills including the final bill. Receipts for deposits will be given at the time they are made.

b. Bulk Customers. Bulk Customers shall be subject to the same requirement on deposits as are Retail Customers, except the amount of the deposit shall be a cash deposit not exceeding an estimated ninety days' bill of such consumer.

c. Interest to be paid on Deposits:

- (1) Simple interest shall be paid by the utility upon a deposit at the percentage rate per annum and in the manner provided in the rules of the Colorado Public Utilities Commission, payable upon the return of the deposit, or annually at the request of the customer.
- (2) Interest on deposits shall be earned for the time held by the Company and shall be calculated from the date of payment to the customer in cash or to the date an amount equal to the deposit is credited to the

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customer's account. In the event that the deposit is retained for periods longer than twelve months and interest is not paid annually, interest on the deposit amount shall accrue at the new interest rate for the time held in the new interest period. Interest payments, at the option of the utility, may be paid either in cash, or by a credit to the customer's account.

- (3) Rate of interest paid will be as established from year to year by the Public Utilities Commission of the State of Colorado, per their rules regulating services of water utilities.

- (4) (Reserved for future use)

4. Meters and Meter Readings.

All customers shall be required to have a meter of a size to be specified by the Company. All meters shall be installed, owned and maintained by the Company either in the street, or right of way, or upon the customer's property and may be removed or changed by the Company when necessary. The Company's agent and employees shall have the right at all reasonable times to enter upon any premises for the purpose of installing, reading, repairing or otherwise maintaining or removing the meters and appurtenances.

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The company's responsibility for maintenance includes the service meter and all such lines and appurtenant facilities that belong to the company. The service meter, pit, and assembly belong to company exclusively, together with the use valve in the meter pit. The company reserves the right herein to further expand its meter reporting ability as computer and communication technology expands to allow direct meter reading from the company's meter via customer's telephone line to the company's billing computer. The customer's responsibility for maintenance is from the service meter to the house. The customer shall provide a valve to be located on customer's side of the service meter ahead of the first water outlet, prior to the water being turned on.

No person shall place upon or about any valve, valve box curb cock, or water meter box connected with the water system, any material or structure that will prevent free access to the same at all times, or in any manner tamper with or injure access to any premises supplied with company water. The company reserves the right to enter property for purposes of making an inspection of the water system of such premises, or to test water quality, pressure, flow, or other necessary water sampling and/or monitoring.

Water may, at any time, be shut off from company mains, without notice, in emergencies for making repairs, extensions or other necessary work, without liability to company for resulting damage. However, when possible, the company will give the customer reasonable notice of any system shutdowns in advance.

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The company agrees to take reasonable measures to prevent a "cross connection" by installing a check valve at the service meter. Retail and Bulk Customers shall not permit any such "cross connection." The term "cross connection" shall mean any connection which would allow water to flow from any well, pipe, plumbing fixture, water system, or any other source of water which may mix water, into the company's water system. The company shall have the right to shut off and discontinue service, should any customer allow a "cross connection," until such time as it is removed. For the company's three bulk customer's, DW1, DW2 and La Plata Vista HOA, all company liability ends at the point of entry into the bulk customer's meter. Each bulk customer will also make available access to Lake Durango for water sampling at the point of entry.

5. Billing and Shut-Off for Non-Payment of Bills.

a. Water bills shall be rendered monthly, based on meter reading or estimates for the amount of water used during the preceding month and shall be due and payable at the office of the company within fourteen days after being mailed to the customer. If bills become delinquent, the company may then require that all delinquent amounts be paid in full before service is restored.

b. The company shall also have the right to shut off the service to any customer for violation of any rule or regulation of the company. At least ten (10) days written notice will be provided.

c. If water is shut off for non-payment of a bill or for violations of the company's rules, no service shall be re-established until all back bills and charges are paid and necessary deposits made or until reasonable assurances are given that any violation will not be continued.

d. Reconnection Fee.

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1. If the company disconnects the customer's water service at the customer's request, the company will charge the customer a \$30.00 reconnection fee.

2. If the company disconnects the customer's water service for delinquent payment of water bills or for violation of a rule or regulation of the company, the company will charge the customer a \$50.00 reconnection fee.

e. Late Payment of Water Bills.

In the event the total payment of a customer's bill is not received in the business office by the date the bill becomes delinquent (as identified on the billing statement and subject to rules and regulations governed by the Colorado Public Utilities Commission), a late payment charge of ten dollars (\$10.00) will be added to the outstanding amount of the bill and notice will be given to the customer that the bill has become delinquent. If the delinquent payment, including charges for late payment, is not paid by the second consecutive regular monthly bill delinquency date, notice of the discontinuance of service under Commission Rule 13 will be given and water service discontinued in 10 days unless the total account balance is paid in full.

f. Utility Access to Read Meters and Service Customer Water Lines.

As a condition of receiving service the customer agrees that the utility is permitted access to all water service lines and meters located on private property.

g. Water Account in Name of Owner.

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All accounts for water services shall be kept in the name of the owner of the property or his legally authorized agent, who shall be held responsible for water payments. No agreement between a tenant and owner shall be binding upon the company. In the event a tenant defaults on payment of a water bill, the obligation for payment falls on the property owner. If for any cause any water account shall become delinquent, the water service may be turned off pursuant to the PUC rules and these tariffs and in no case shall it be turned on to the same property until all delinquencies and penalties have been paid in full. Changes in ownership or occupancy shall not affect the application of this section.

6. No Waste of Water: Restriction of Use Where Public Interest Requires.

(Reserved for Future Use)

7. Bill Based on Average Use When Meters Inoperative.

In the event a meter shall become inoperative, a bill will be submitted for the period of the last meter reading date based on all of the best information and data available for fairly computing the bill for such period.

8. Inspection.

The company or its agents or employees shall have the right to enter upon any premises being serviced at any reasonable time for the purpose of making inspections of the conditions of the facilities and for observing the manner of the use of the water on the premises.

Advice Letter No. 3

Effective Date: Dec 11, 1997

Issue Date: December 10, 1997

Decision No. R97-969

Issuing Officer with Title:
Robert P. Johnson, President

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9. Company Supervision of Connections.

No one shall have the right to make any extensions of mains, service lines or connections to the company's system without the prior written consent of the company. The company shall have the right to construct, supervise and inspect all work done on service connections and to specify the kind, size and type of meters, pipes, valves, sleeves, taps and other appurtenances connected to the system. No water will be turned on or otherwise supplied unless and until all such work, meters and other facilities shall have been inspected and approved by the company as being built to company specifications.

10. Fire Hydrant Service.

In addition to the fire hydrant facilities which are to be furnished by the company through the fire hydrant construction on the systems, fire hydrant service will be supplied ;under such special arrangements to such applicants as may have special need therefore, provided that the company's water mains are of adequate capacity to supply such special service. Where such service is required the company will furnish and install hydrants upon such terms and conditions as necessity dictates for each particular special case.

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11. Subdivision or District Water System Development.

Upon request for service and a determination by the company of adequate supply to meet demands, the Company, upon approval of the Commission, can accept new districts or subdivisions into its service area or allow new taps within an existing district or subdivision. They must meet utility standards and conform to regulations governing utility operation.

a. All new water mains, service lines to the curb stop, and all necessary appurtenances are to be supplied and installed by the district or subdivision at its cost but shall be inspected and approved by the company in writing as meeting company specifications.

b. (Reserved for future use.)

c. (Reserved for future use.)

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12. Miscellaneous Provisions.

a. Pressure and Pumping Stations. Precautions against high pressure must be taken by the water customer and a suitable regulator installed in its private line. Elevation variances and unpredictable consumer demands make it impossible to guarantee uniform water pressures everywhere at the same time. The company is uncertain as to what water pressure will be available in lines to be constructed. Any required pumps or booster stations to supply additional pressure desired by customers or required by law, shall be supplied at the customer's expense. If such pumps or booster stations serve more than one customer, the costs shall be allocated as agreed to, or in the absence of an agreement, shall be shared on a pro rata basis among the residences actually served by this additional equipment.

b. Winter Freezing. Precautions against winter freezing must be taken by the customer; if unoccupied during subfreezing temperature, the customer water system should be properly drained; and if occupied, during severe cold weather, some water should be allowed to run to provide circulation. The company is responsible for its mains if they freeze and shall undertake to repair any damage as quickly as possible, but it is not responsible for damages of any nature regardless of cause to private water systems connected to its mains. All reasonable precautions will be taken by the company to prevent its mains from becoming frozen, but the cooperation of all water users is necessary on those unexpected occasions when possible disaster threatens all because of extreme low temperatures and deep frost conditions.

c. Written Approval for Connections Required. Written approval from the company is required to connect water service to

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sites of new construction. This connection must be made in the proper manner with the company specified fittings and procedures, which will be designated in the written approval. Failure to do this may result in refusal by the company to supply water to the premises until all conditions are complied with and expenses, if any, reimbursed to the company.

d. (Reserved for future use)

e. After Hour Service Charge. An additional service charge of \$25.00 will be made to customers requiring turn-on or shut-off of water service after normal business hours. The service charge will be collected or charged to the customer's account at the time the service is performed.

f. Locates and Emergency Locate Repairs. In the event of damages to any water line or a loss of water service due to water line locates and emergency locate repairs associated with damaged mains by contractors, the actual cost of the repair for the restoration and/or replacement of the inoperable mains, main sections, or lines will be charged to the customer.

g. Copies of Rates. Copies of specific water rates of the company will be sent to customers on written request and are available at the company's office for inspection during normal business hours. All classes of rates are approved by the Public Utilities Commission of the State of Colorado, as are these Rules and Regulations. They are subject to change only by consent or stipulation of the Commission.

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