

EXHIBIT A to Joint Motion to Adopt the Settlement Agreement

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

Proceeding No. 16AL-0829W

IN THE MATTER OF ADVICE LETTER NO. 4 FILED BY DALLAS CREEK WATER
COMPANY TO INCREASE UTILITY RATES AND FEES TO BECOME EFFECTIVE
DECEMBER 1, 2016

SETTLEMENT AGREEMENT

Dallas Creek Water Company, Inc. (DCWC), Staff of the Public Utilities Commission (Staff), the Association of Dallas Creek Water Users, Inc. (ADCWU) and Fairway Pines Estates Owners Association (FPEOA) (collectively, the “Parties”) enter into this Settlement Agreement to confirm the terms of their negotiated settlement of the issues in this rate proceeding.

I. Introduction and procedural background.

A. On October 28, 2016, DCWC filed Advice Letter No. 4 and proposed tariff sheets requesting a general rate increase with an effective date of December 1, 2016.

B. On November 30, 2016, the Commission issued Decision No. C16-1094 suspending the effective date of the tariffs and setting the matter for hearing under C.R.S. § 40-6-111(1).

C. By Decision No. C16-1094, the Commission referred the matter to the Administrative Law Judge (ALJ) for disposition.

D. On December 7, 2016, the ALJ issued Decision No. R16-1122-I further suspending the effective date of the tariff sheets filed with Advice Letter No. 4 for an additional 90 days, to and including June 29, 2017.

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E. On December 23, 2016, DCWC filed a Stipulation Regarding Procedural Schedule. By Decision No. R17-0004-I (Mailed Date: January 4, 2017), the ALJ approved and adopted the Parties' Stipulation.

F. Staff, ADCWU, and FPEOA timely intervened as Parties to this proceeding, and by Decision No. R17-0016-I (Mailed Date: January 9, 2017), the ALJ confirmed their party status as Intervenors and ordered the Parties to file legal briefs addressing whether two principal legal issues raised by ADCWU and FPEOA were within the scope of this rate proceeding.

G. On January 17, 2017, the Parties each filed their respective briefs on the legal issues.

H. By Decision No. R17-0070-I (Mailed Date: January 25, 2017), the ALJ determined the scope of the proceeding and concluded the two legal issues raised by ADCWU and FPEOA to be outside of the scope of the proceeding.

I. On January 27, 2017, DCWC filed its Direct Testimony and Attachments of James Willey.

J. On February 13, 2017, the Parties filed a Joint Motion to Stay the Procedural Schedule. By Decision No. R17-0136-I (Mailed Date: February 15, 2017), the ALJ granted the Joint Motion in part and ordered the Parties to file a written settlement agreement or a status report on or before February 24, 2017.

II. Settlement Terms.

In consideration of the Particular Negotiated Terms contained in this section II.A. of this Settlement Agreement, Intervenors ADCWU and FPEOA agree to withdraw their objection and opposition to DCWC's request for Tariff Revisions as set forth in **Exhibit D** to this Settlement

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Agreement. By withdrawing objection and opposition to the Colorado Public Utilities Commission's ("Commission") acceptance of the revised tariff requested by DCWC, Intervenor ADCWU and FPEOA do not endorse, agree with, nor adopt the basis and reasons for the revised tariff, but instead simply withdraw their objections and opposition and rely upon the Commission Staff to address the revised tariff through usual ratemaking procedures and factors, and defer to Commission Staff as to the appropriateness of the revised tariff sought by DCWC in this proceeding.

Similarly, by entering into this Settlement Agreement, DCWC does not expressly or impliedly concede, confess, or agree with any specific arguments, concerns, issues, or allegations raised by FPEOA, ADCWU, or Ouray County against DCWC during the course of this proceeding, including all arguments, concerns, issues or allegations determined by the ALJ to be outside of the scope of this proceeding.

A. Particular Negotiated Terms.

1. The Parties recognize and agree that the Colorado Public Utilities Commission's (Commission) jurisdiction and authority is established and defined in Article XXV of the Colorado Constitution and the Public Utilities Law, C.R.S. §§ 40-1-101, *et seq.* By entering into this Settlement Agreement, the Parties do not intend to expand, limit, or alter in any way the Commission's current power and authority to regulate DCWC as a small, privately-owned public utility.

2. The Parties recognize and agree that the Commission previously determined DCWC's water supply to be adequate to serve the anticipated growth within its approved service territory. *See Decision No. C06-1410*, ¶ 38, p. 11 in Docket No. 05A-333W (Mailed Date: December 1, 2006); *see also Decision No. R06-1023*, ¶ 171, p. 38 in Docket No. 05A-333W

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(Mailed Date: September 1, 2006). The Parties agree that nothing in this Docket or Settlement Agreement alters that prior determination.

3. The Parties recognize and agree that the Commission's authority under C.R.S. §§ 40-3-101 and -102 (2017) includes the general jurisdiction to monitor, address, facilitate, oversee and regulate matters related to the adequacy of DCWC's water supply, including DCWC's performance of its contractual obligations and enforcement of contractual obligations under DCWC's water supply lease with JKC Utilities, LLC ("Raw Water Lease and Transportation Agreement (JKC Utilities LLC and Dallas Creek Water Company)", Attachment JAW-7, Dallas Creek Water Company's Direct Testimony and Attachments of James Willey, January 27, 2017, Proceeding No. 16AL0829W). However, the Parties also recognize and agree that such general jurisdiction does not alter or supersede the jurisdiction and authority of the State, Water Court and/or County to determine water supply matters pursuant to State statutes and County regulations; and does not mean the State and/or County may not be in a better position to determine those matters. *See, Decision No. R06-1023*, ¶ 177, p. 40 in Docket No. 05A-333W (Mailed Date: September 1, 2006). Nor does such general jurisdiction create nor does it limit any additional powers or affirmative obligations of the Commission to sue or otherwise seek enforcement of DCWC's water supply lease, or otherwise usurp DCWC's decision making authority and managerial discretion to address these issues as it sees fit in the best interests of the customers.

4. The Parties recognize that the Commission's authority under C.R.S. §§ 40-3-101 and -102 (2017) includes the general jurisdiction to monitor, address, facilitate, oversee and regulate matters related to DCWC's emergency water supply in the event of a severe drought and other potential disaster scenario, such as a hazardous material spill and contamination event in

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Dallas Creek, the source water for DCWC's water supply; as well as, any future agreement that DCWC might enter into with the Tri-County Water Conservancy District (TCW) for future interconnection of DCWC and TCW's water systems for purposes of emergency water supply. The Parties agree that DCWC shall keep the Commission informed of DCWC's efforts and progress made towards addressing additional emergency water supplies by filing with the Commission a water supply report within one year of the conclusion of this proceeding, and thereafter as necessary, at such time and in such form as may be requested or directed by the Commission and/or Staff. However, the Parties also recognize and agree that such general jurisdiction does not alter or supersede the jurisdiction and authority of the State, Water Court and/or County to determine and regulate, if necessary, such matters pursuant to State statutes and County regulations; and does not mean the State and/or County may not be in a better position to address such matters. Nor does such general jurisdiction create nor does it limit any additional powers or affirmative obligations of the Commission to determine any particular course of action by DCWC or otherwise usurp DCWC's decision making authority and managerial discretion to address these issues as it sees fit in the best interests of the customers.

B. DCWC's Revenue Requirement and Rate Increase.

1. This Settlement Agreement constitutes agreement by and between DCWC and Staff ("the Stipulating Parties") on both the DCWC revenue requirement and the rate increases allocated to each rate classification. Intervenors ADCWU and FPEOA do not join in agreement with the terms and representations in this section II.B. of this Settlement Agreement, but instead withdraw their objections and opposition to DCWC's request for Tariff Revisions as set forth in **Exhibit D** to this Settlement Agreement.

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2. Prior to filing Advice Letter No. 4, DCWC consulted with Staff in developing the Stipulated Budget attached as **Exhibit A** in order to determine DCWC's current revenue requirement. The Stipulated Budget is based on DCWC's actual operating costs and expenses (collectively costs) incurred in 2015, with specific adjustments or additions being made for the following line items:

- a. **Distribution System Maintenance Wage.** An additional \$26,000 is budgeted for a new part-time employee responsible for assisting the Water Operator with maintaining the distribution system.
- b. **Plant and Distribution System Repairs.** Because some of the expenses incurred in 2015 were not reoccurring expenses, the Stipulating Parties stipulated to budgeting the 5-year average of actual costs for this particular line item. This resulted in a downward adjustment of \$74,141 from the 2015 actual cost of \$127,826.
- c. **DCWC's Rate Case Legal Expenses.** The Stipulating Parties stipulate to budgeting \$70,000.00 to be amortized over 4 years at \$17,500.00 per year, assuming the Settlement Agreement is approved without hearing or modification and no further expenses are incurred by DCWC in prosecuting this case. If a hearing is required or the Settlement Agreement is modified, then the Stipulating Parties understand and agree that the final amount for DCWC's rate case legal expenses will be adjusted based on the actual amounts incurred by DCWC. The rates also will be adjusted in the fifth year to remove the line item expense for this case.
- d. **Bad Debt Write Off and Other Legal Expenses.** The Stipulating Parties stipulate to excluding bad debt written off as a result of a Commission decision in 2013 in the complaint proceeding brought by FPEOA. Other legal expenses incurred by DCWC in defending various legal threats from groups of customers were also excluded from the Stipulated Budget since they were unrelated to DCWC's ability to provide water service to its customers.

The Stipulating Parties agree that using DCWC's 2015 actual expenses with the above adjustments is just and reasonable and that DCWC's current revenue requirement calculation using the Stipulated Budget is appropriate, just, and reasonable for determining rates in this proceeding.

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3. The Stipulating Parties agree that the water lease expense for DCWC's water supply obtained from JKC Utilities, LLC is reasonable. The Commission has previously found this water lease expense to be just and reasonable. *See Decision No. C06-1410*, ¶¶ 6-9, pp. 3-4 in Docket No. 05A-333W (Mailed Date: December 1, 2006). Since the prior proceeding, no material terms of or circumstances related to DCWC's lease have changed. Presently, the only feasible alternative water supplier with water rights capable of serving DCWC's customers is TCW. The comparable cost of purchasing water from TCW through a new connection and master meter remains considerably more expensive than the current lease expense with JKC. Aside from the substantial start-up infrastructure and connection costs, when comparing only the water lease expense to the cost of TCW water, the JKC lease remains the least cost alternative. Lastly, the lease expense is prudent because DCWC only pays for what it needs, while maintaining the right to purchase as much water as DCWC's domestic customers need up to the full extent of JKC's senior decreed rights.

4. The Stipulating Parties stipulate that the 87 percent operating ratio approved by the Commission in Docket Nos. 05A-333W and 05S-396W remains appropriate for determining DCWC's current revenue requirement.

5. **Exhibit B** contains the Stipulating Parties' stipulated cost of service assignments. The Stipulating Parties further agree the cost of service assignments are appropriate and non-discriminatory for purposes of rate design and the rate increases requested in this proceeding.

6. **Exhibit C** contains the Stipulating Parties' agreement as to the rate increases for each rate class. Key assumptions agreed to for purposes of calculating the rate increases are:

- a. **Water Distribution Fee per 1,000 gallons.** The rate calculation assumes an annual demand of 9,775,000 gallons, which is the actual usage in 2015.

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- b. **Base Service Charge.** The rate calculation assumes 866 tap owner customers. This assumption is based on the most current information as of January 27, 2017, the date on which DCWC filed its direct testimony.
- c. **Meter In-Service Charge.** The rate calculation assumes 413 connected water customers. This assumption is based on the most current information as of January 27, 2017, the date on which DCWC filed its direct testimony.
- d. **Customer Usage Fee per 1,000 gallons.** The rate calculation assumes an annual demand of 16,188,000 gallons, which is the actual usage in 2015.

7. The Stipulating Parties agree that after accounting for revenue generated from non-water service sources, the current annual re-apportioned or net revenue requirement for DCWC is \$800,060. *See Exhibit C.*

C. Tariff Revisions.

- 1. The Stipulating Parties agree to the revised tariff pages attached as **Exhibit D.**
- 2. The Stipulating Parties agree that upon final Commission order approving this Settlement Agreement, DCWC will file a compliance filing on not less than one day's notice to place into effect the revised tariff pages.

D. General Terms.

- 1. 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 proceeding under a new procedural schedule. The withdrawing Party shall notify the Commission and the other Parties to the Settlement Agreement, in writing within ten days of the date of the Commission order that the Party is withdrawing from the Settlement

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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, and a hearing shall be scheduled on an expedited basis, as soon as practicable.

2. 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.

3. 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 solely addressing DCWC’s filed Advice Letter No. 4 and proposed tariff sheets requesting a general rate increase. The Parties recognize and agree that the two issues raised by ADCWU and FPEOA which the ALJ determined to be outside of the scope of the proceeding in Decision No. R17-0070-I (Mailed Date: January 25, 2017) are not affected, settled or resolved by this Settlement Agreement, and specifically are not “issues that were or could have been contested among the parties to this proceeding,” as they have been excluded from this proceeding. Further, Intervenors ADCWU and FPEOA do not waive, retroactively or prospectively, any possible claims in a different proceeding which have not been raised or addressed in this proceeding addressing DCWC’s request for a revised tariff and general rate increase.

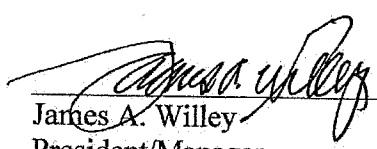
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4. This Settlement Agreement is the result of a negotiated compromise of issues raised in the proceeding. Nothing contained herein shall be deemed an express or implied admission or acceptance by any Party of any fact, principle, or position. By signing this Settlement Agreement and by joining the motion to adopt the Settlement Agreement filed with the Commission, the Parties acknowledge that they pledge support for Commission approval and subsequent implementation of these provisions.

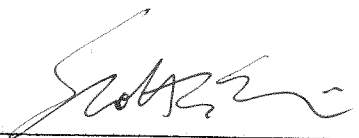
5. This Settlement Agreement may be executed in counterparts, all of which when taken together shall constitute the entire agreement between the Parties with respect to the issues addressed by this Settlement Agreement.

Dated this 6th day of March, 2017.

DALLAS CREEK WATER COMPANY,
INC.


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(970) 240-8123

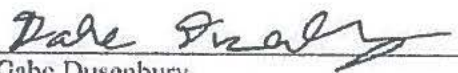
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/s/ Mike Forstner

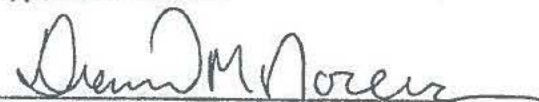
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/s/ Richard Kreutzen

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*Attorney for Fairway Pines Estates Owners
Association and the Association of Dallas
Creek Water Users, Inc.*

	PUC Ordered Rates effective 01-01-2007	2015 Actual linked to Financial Stmts	2015 Actual w Adjustment s
Ordinary Income/Expense			
Income			
WATER SALES & STANDBY FEES			
Usage Per 1000	\$ 107,255	138,532	138,532
Raw Water Sales	\$ -	0	0
Raw Water Delivery Charges	\$ 24,105	13,488	13,488
Total WATER SALES & STANDBY FEES	\$ 131,360	\$ 152,020	\$ 152,020
OTHER INCOME			
Base Rate	\$ 396,609	426,998	426,998
Meter In-Service Fee	\$ 127,915	157,512	157,512
Service Connection Fees	\$ -	1,387	1,387
After-Hours Turn Off Fees	\$ -	90	90
Collection & Returned Ck Fees	\$ -	45	45
Water Tap Transfer Fees	\$ 3,400	2800	2,800
Water Tap Transfer Fees - Differential System			
Total OTHER INCOME	\$ 527,924	\$ 588,832	\$ 588,832
Total Income	\$ 659,284	\$ 740,852	\$ 740,852
Cost of Goods Sold			
COST OF WATER & WATER TREATMENT			
Chemicals & Polymers	\$ 7,032	24,751	24,751
Compliance Testing & Sampling	\$ 4,697	4,281	4,281
Plant Operator - Contracted	\$ 62,541	84,491	84,491
Dist. System Maintenance Wage		0	26,000
Plant Operations Payroll	\$ 581	10,016	4,997
FICA & Medicare Tax Expense	\$ 8,407	766	1,990
FUTA Tax Expense	\$ 237	42	84
SUTA Tax Expense	\$ 900	103	249
Workmens Compensation Insurance	\$ 436	566	866
Mileage Reimbursement Meter Reading		903	903
Training & Seminars Compliance issues		420	420
Total Plant Operations & Payroll	\$ 84,831	\$ 126,339	\$ 149,032
Utilities-Electric	\$ 38,586	43,995	43,995
Utilities-Telephone Line/Alarm	\$ 51		
Water Purchases	\$ 45,718	49,267	49,267
Total COST OF WATER & WATER TREATMENT	\$ 84,355	\$ 93,261	\$ 93,261
Total COGS	\$ 169,186	\$ 219,601	\$ 242,294
Gross Profit	\$ 490,098	\$ 521,251	\$ 498,559
Expense			
OTHER TREATMENT & DISTRIBUTION			
Local Travel	\$ 55	0	
Plant & Dist System Repairs			
Distribution System Repairs	\$ 23,785	127,826	53,685
Plant Maintenance & Repairs	\$ 1,799	10,325	10,325
Pump Repairs & Maintenance	\$ 38,397	582	582
Plant/Dist Sys Maint Supplies	\$ 3,295	9,227	9,227
Small Tools	\$ 967		
Utilities-Plant Telephone	\$ 1,002	1,500	1,500
Total OTHER TREATMENT & DISTRIBUTION	\$ 69,300	\$ 149,459	\$ 75,319
INFRASTRUCTURE COSTS			
Mortgage Interest	\$ 56,611	38,944	38,944
Property Tax Expense	\$ 6,874	15,335	15,335

	PUC Ordered Rates effective 01-01-2007	2015 Actual linked to Financial Stmts	2015 Actual w Adjustment s
Depreciation Expense			
Depreciation Exp-Plant/Dist Sys	\$ 85,672	108,671	108,671
Total INFRASTRUCTURE COSTS	\$ 149,157	\$ 162,950	\$ 162,950
ADMINISTRATION & OVERHEAD			
Employee Health Ins.	\$ 9,327	0	
Salary-Administrator	\$ 50,400	51,652	51,652
Salary-Manager	\$ 41,100	53,170	53,170
Salary-Secretary	\$ 19,500	20,756	20,756
FICA & Medicare Tax Expense		9,607	9,607
FUTA Tax Expense		126	126
SUTA Tax Expense		365	365
Workmens Compensation Insurance		576	576
Utilities-Internet Access	\$ 1,000	1,420	1,420
Amortization of Loan Fees/ Verizon Lease/ Plant & Office Software	\$ 2,642	3,859	3,859
Advertising Expense	\$ 1,027	0	0
Auto-License Plates	\$ 435	508	508
Auto Maintenance & Repairs	\$ 175	2,276	2,276
Bank Charges	\$ 1,508	150	150
Bad Debt	\$ -	0	0
Computer Related Expense	\$ -	2,245	2,245
Finance Charges Paid	\$ 2,919	0	0
Fuel	\$ 343	1,741	1,741
Insurance - Auto	\$ 819	1,490	1,490
Insurance-Property & Liability	\$ 8,207	12,416	12,416
Interest Expense	\$ 2,279	804	804
Legal Notices	\$ -	44	44
License Fees	\$ 423	10	10
Membership Dues	\$ 125	947	947
Office Rent			
Office Maintenance	\$ 271	1,745	1,745
New Gas & Electric	\$ -	3,061	3,061
New Water & Trash		2,644	2,644
Office Rent - Other	\$ 22,267	33,692	33,692
Office Supplies Expense	\$ 5,022	3,837	3,837
Outside Services			
Engineering Services-PUC Matter		0	0
PUC-Work	\$ 1,495	1,636	1,636
Raw Water	\$ 581	0	0
General	\$ 1,978		
Legal Fees - PUC Matters		53	53
Rate Case- 4 year term	\$ 15,000	0	17,500
Complaint, etc.	\$ 5,000	0	0
Accounting & Tax Prep Fees	\$ 3,128	2,325	2,325
Auditor	\$ 4,000	0	0
Administration - Contracted (Bills Mailing and Online Payments)	\$ -	6,093	6,093
Legal Fees			
General	\$ 163	14,153	14,153
Postage	\$ 3,459	2,208	2,208
Lien Recording Fees	\$ -	0	0
Tax Penalty Expense	\$ -		
Utilities-Message Services / Cell Phone	\$ 1,293	2,336	2,336
Utilities-Telephone-Office	\$ 2,158	1,318	1,318
Total ADMINISTRATION & OVERHEAD	\$ 208,044	\$ 239,262	\$ 256,762
Total Expenses	\$ 426,501	\$ 551,672	\$ 495,031
Net Ordinary Income	\$ 63,597	\$ (30,420)	\$ 3,528
Other Income			
Interest Income	\$ 3,060		
(Cell Tower Income)	\$ 11,300	40,522	40,522
Interest Income - CFS MMA (Misc & Capital Credits SMPA)	3	0	0
Finance Charges Earned	\$ 11,049	6,917	6,917
Net Other Income	\$ 25,412	\$ 47,439	\$ 47,439

PUC Ordered Rates effective 01-01-2007		2015 Actual linked to Financial Stmt's	2015 Actual w Adjustment's
\$	89,009	\$ 17,019 7,000	\$ 50,967 7,000
\$	89,009	24,019	57,967
\$	595,687	\$ 771,272	\$ 737,325
\$	684,698	\$ 886,520	\$ 847,499
	87%	87%	87%
\$	89,011	\$ 115,248	\$ 110,175

Indicator	F= Fixed Expenses	2005 Test Year with Adjustments	PUC Ordered Rates effective 01-01-2007	2015 Adj Costs Rate Case
F	Accounting & Tax Prep Fees	\$ 3,128	\$ 3,128	\$ 2,325
F	Advertising Expense	\$ 1,027	\$ 1,027	\$ -
F	Amortization of Loan Fees	\$ 2,642	\$ 2,642	\$ 3,859
F	Audit	\$ 4,000	\$ 4,000	\$ -
F	Auto Maintenance & Repairs	\$ 175	\$ 175	\$ 2,276
F	Auto-License Plates	\$ 435	\$ 435	\$ 508
F	Bad Debt			\$ -
F	Bank Charges	\$ 1,508	\$ 1,508	\$ 150
F	Complaint, etc.	\$ 5,000	\$ 5,000	\$ -
F	Computer Related- software			\$ 2,245
F	Compliance Testing & Sampling	\$ 4,697	\$ 4,697	\$ 4,281
F	Depreciation Exp-Plant/Dist Sys	\$ 85,672	\$ 85,672	\$ 108,671
F	Employee Health Ins.	\$ 9,327	\$ 9,327	\$ -
F	FICA & Medicare Tax Expense	\$ 8,407	\$ 8,407	\$ 11,597
F	Finance Charges Paid	\$ 2,919	\$ 2,919	\$ -
F	Fuel	\$ 343	\$ 343	\$ 1,741
F	FUTA Tax Expense	\$ 237	\$ 237	\$ 210
F	General Engineering	\$ 1,978	\$ 1,978	\$ -
F	General Legal	\$ 163	\$ 163	\$ 14,249
F	Insurance - Auto	\$ 819	\$ 819	\$ 1,490
F	Insurance-Property & Liability	\$ 8,207	\$ 8,207	\$ 12,416
F	Interest Expense	\$ 2,279	\$ 2,279	\$ 804
F	License Fees	\$ 423	\$ 423	\$ 10
F	Local Travel	\$ 55	\$ 55	\$ -
F	Membership Dues	\$ 125	\$ 125	\$ 947
F	Mortgage Interest	\$ 56,611	\$ 56,611	\$ 38,944
F	Office Maintenance	\$ 271	\$ 271	\$ 7,450
F	Office Rent - Other	\$ 22,267	\$ 22,267	\$ 33,692
F	Office Supplies Expense	\$ 5,022	\$ 5,022	\$ 3,837
F	Postage	\$ 3,459	\$ 3,459	\$ 8,301
F	Property Tax Expense	\$ 6,874	\$ 6,874	\$ 15,335
F	PUC-Work	\$ 1,495	\$ 1,495	\$ 1,636
F	Rate Case	\$ 15,000	\$ 15,000	\$ 17,500
F	Raw Water	\$ 581	\$ 581	\$ -
F	Salary-Administrator	\$ 50,400	\$ 50,400	\$ 51,652
F	Salary-Manager	\$ 41,100	\$ 41,100	\$ 53,170
F	Salary-Secretary	\$ 19,500	\$ 19,500	\$ 20,756
F	Small Tools	\$ 967	\$ 967	\$ -
F	SUTA Tax Expense	\$ 900	\$ 900	\$ 614
F	Tax Penalty Expense	\$ 710	\$ -	\$ -
F	Utilities-Internet Access	\$ 1,000	\$ 1,000	\$ 1,420
F	Utilities-Message Services	\$ 1,293	\$ 1,293	\$ 2,336
F	Utilities-Plant Telephone	\$ 1,002	\$ 1,002	\$ 1,500
F	Utilities-Telephone Line/Alarm	\$ 51	\$ 51	\$ -
F	Utilities-Telephone-Office	\$ 2,158	\$ 2,158	\$ 1,318
F	Workmens Compensation Insurance	\$ 436	\$ 436	\$ 1,442
		\$ 374,661	\$ 373,953	\$ 428,682
	Contribution	\$ 55,984	\$ 55,878	\$ 64,056
	Total Fixed with Contribution	\$ 430,645	\$ 429,831	\$ 492,738
	BASE SERVICE FEE			

Indicator	V= Variable Expenses	2005 Test Year with Adjustments	PUC Ordered Rates effective 01-01-2007	2015 Adj Costs Rate Case
V	Chemicals & Polymers	\$ 7,032	\$ 7,032	\$ 24,751
V	Plant Operator Backup-Contract	\$ 581	\$ 581	\$ 0
V	Emergency Line Repairs			\$ 5,900
V	Distribution System Repairs	\$ 23,785	\$ 23,785	\$ 53,685
V	Plant Maintenance & Repairs	\$ 1,799	\$ 1,799	\$ 10,325
V	Pump Repairs & Maintenance	\$ 38,397	\$ 38,397	\$ 361
V	Plant/Dist Sys Maint Supplies	\$ 3,295	\$ 3,295	\$ 9,227
V	Training and Seminars-Compliance			\$ 420
V	Water Purchases	\$ 45,718	\$ 45,718	\$ 49,267
		\$ 120,607	\$ 120,607	\$ 153,937
	Contribution	\$ 18,022	\$ 18,022	\$ 23,002
	Total Variable with Contribution	\$ 138,628	\$ 138,629	\$ 176,939
	METER IN SERVICE FEE			

Indicator	IM = In Meter Expenses	2005 Test Year with Adjustments	PUC Ordered Rates effective 01-01-2007	2015 Adj Costs Rate Case
IM	Plant Operator - Backup			26,000
IM	Plant Operator - Contracted	\$ 62,541	\$ 62,541	83,843
IM	Utilities - Electric	\$ 38,586	\$ 38,586	31,135
		\$ 101,128	\$ 101,127	\$ 140,977
	Contribution	\$ 15,111	\$ 15,111	\$ 21,066
	Total In Meter w Contributon	\$ 116,239	\$ 116,238	\$ 162,043
	DOMESTIC WATER FEE -1,000 G			

Indicator	RWD= Raw Water Delivery Expenses	2005 Test Year with Adjustments	PUC Ordered Rates effective 01-01-2007	2015 Adj Costs Rate Case
RWD	Electrical - Golf Course Only			\$ 12,860
RWD	Plant Operator- Contracted at 10% daily time allocation			\$ 648
RWD	Pump Maintenance & Repairs			\$ 220
				\$ 13,728
	Contribution			\$ 2,051
	Total Raw Water Delivery withContribution			\$ 15,780
	RAW WATER DELIVERY FEE- Golf Course Only			

Percent Fixed	62.82%	62.78%	58.14%
Percent Variable	20.22%	20.25%	20.88%
Percent In-Meter	16.96%	16.98%	19.12%
Percent Raw Water			1.86%
	100.00%	100.00%	100.00%
Total Expenses	\$ 596,396	\$ 595,687	\$ 737,324
	\$ 89,117	\$ 89,011	\$ 110,175
	\$ 685,512	\$ 684,698	\$ 847,499
Total Contribution	\$ 89,117	\$ 89,011	\$ 110,175

F=Fixed
V=Variable
IM=In-Meter Customer

Page 1 of 2									
2015 Actual w Adjustments				Col. B * Col D	See Rev. Req Page	Col F / Col B/12	Col. G / Col C) -1	Col. G - Col C	
	Demand	Current Rate	Non-sized Rates	Non-sized Revenues	Re-apportioned Revenues	New Rates	Percent Increase	Difference Current & New Rates	
Raw Water Distribution (Per 1000 Gallons)	9,775	\$1.38		\$15,780	\$14,897	1.52	10.43%	\$0.14	
Base Service Charge Per Customer	866	\$41.01	N/A	N/A	\$465,157	\$44.76	9.15%	\$3.75	
Meter In Service Per Connected Customer	413	\$32.50	N/A	N/A	\$167,034	\$33.70	3.70%	\$1.20	
Water Usage Rate (Per 1000 Gallons)	16,188	\$8.56	N/A	N/A	\$152,972	\$9.45	10.39%	\$0.89	
Total					\$800,060				
2005 Test Year				Col. B * Col D	See Rev. Req Page	Col F / Col B	Col. G / Col C) -1	Col. G - Col C	Col. C + (Col I *50%)
	Demand	Current Rate	Non-sized Rates	Non-sized Revenues	Re-apportioned Revenues	New Rates	Percent Increase	Difference Current & New Rates	50% Increase Rates for 4 Months
Raw Water Distribution (Per 1000 Gallons)	17,416	\$0.76	1.5	\$26,124.00	\$ 24,105	\$1.38	82%	\$0.74	\$1.13
Base Service Charge Per Customer	806	\$22.50	N/A	N/A	\$396,605	\$41.01	82%	\$18.51	\$31.75
Meter In Service Per Connected Customer	328	\$0.00	N/A	N/A	\$127,913	\$32.50	N/A	\$32.50	\$16.25
Water Usage Rate (Per 1000 Gallons)	12,525	\$7.50	N/A	N/A	\$107,253	\$8.56	14%	\$1.06	\$8.03
					\$ 655,876				

Revenue Requirement

Line #	Item	A	B	C
Adjusted 2015 Adjusted				
			Reallocation Percent	Re-apportioned Rev. Req.
1	Expenses	\$737,324		
2	Operating Ratio	87%		
3 Ln 1 / Ln 2	Revenue Requirement	\$847,499		
4	Other Income	\$47,439		
5 LN 3 - Ln 4	Net	\$800,060		
6	Base Service Charge Per Cust Cost	\$428,682		
7	Operating Ratio	87%		
8 LN 6 / Ln 7	Base Serv Rev. Requirement	\$492,738	94.40%	\$465,157
9	Meter-In-Service Charge Costs	\$153,937		
10	Operating Ratio	87%		
11 LN9 / Ln 10	Base Service Rev. Requirement	\$176,939	94.40%	\$167,034
12	Water Usage Costs	\$140,977		
13	Operating Ratio	87%		
14	Base Service Rev. Requirement	\$162,043	94.40%	\$152,972
15 See Rates	Raw Water Revenues @ / 1000 gal	\$15,780	94.40%	\$14,897
16 Lns 8+ 11+14+15	Total Revenue Requirement	\$847,499		
17 LN 5 / Ln 16	Percent of Net Rev. to Rev. Req.	94.40%		
18	Total Re-allocated Rev. Requirement	NA		\$800,060

Dallas Creek Water Company

EXHIBIT C

Rate Development Worksheets

Page 2 of 2

Revenue Requirement

Line #			Item	A	B	C
			2005 Test Year			
					Reallocation Percent	Re-apportioned Rev. Req.
	1		Expenses	\$595,685		
	2		Operating Ratio	87%		
	3	Ln 1 / Ln 2	Revenue Requirement	\$684,695		
	4		Other Income	\$26,124		
	5	LN 3 - Ln 4	Net	\$658,571		
	6		Base Service Charge Per Cust Cost	\$373,951		
	7		Operating Ratio	87%		
	8	LN 6 / Ln 7	Base Serv Rev. Requirement	\$429,829	92.27%	\$396,603
	9		Meter-In-Service Charge Costs	\$120,607		
	10		Operating Ratio	87%		
	11	Ln9 / Ln 10	Base Service Rev. Requirement	\$138,629	92.27%	\$127,913
	12		Water Usage Costs	\$101,128		
	13		Operating Ratio	87%		
	14		Base Service Rev. Requirement	\$116,239	92.27%	\$107,254
	15	See Rates	Raw Water Revenues @ 1.50 / 1000 ga	\$26,124	92.27%	\$24,105
	16	Lns 8+ 11+14+15	Total Revenue Requirement	\$684,697		
	17	LN 5 / Ln 16	Percent of Net Rev. to Rev. Req.	92.27%		
	18		Total Re-allocated Rev. Requirement	NA		\$655,874

DALLAS CREEK WATER COMPANY, INC.
334 S. 5th Street
Montrose, CO 81401
www.dallascreekwater.com

WATER UTILITY TARIFF
Effective January 1, 2007

REVISIONS

First Revised Tariff	Effective November 1, 2010
Second Revised Tariff	Effective December 1, 2016

Dallas Creek Water Company, Inc.
334 South 5th Street
Montrose, CO 81401

Colorado PUC Tariff Number 1
Second Revised Page 3
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Advice Letter No. 4	Decision No.	
Signature of Issuing Officer /s/ James Willey	Issue Date September 30, 2010	
Title: President Dallas Creek Water Company	Effective Date December 1, 2016	

Dallas Creek Water Company, Inc.
334 South 5th Street
Montrose, CO 81401

Colorado PUC Tariff Number 1
Second Revised Page 5
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SECTION 1 - GENERAL/EXPLANATORY MATERIAL

1.1 CHECK LIST

The title page and pages listed below are inclusive and effective as of the date shown. Original and revised pages as named below contain all changes from the original tariff that are in effect on the date shown on each page.

<u>Page Number</u>	<u>Revision</u>	<u>Page Number</u>	<u>Revision</u>
1	First Revised		
2	First Revised		
3	Second Revised (T)		
4	First Revised		
5	Second Revised (T)		
6	Second Revised (T)		
7	First Revised		
8	First Revised		
9	First Revised		
10	First Revised		
11	First Revised		
12	First Revised		
13	First Revised		
14	First Revised		
15	First Revised		
16	First Revised		
17	First Revised		
18	First Revised		
19	First Revised		
20	First Revised		
21	First Revised		
22	First Revised		
23	First Revised		
24	First Revised		
25	First Revised		
26	First Revised		

Advice Letter No. 4	Decision No.	
Signature of Issuing Officer /s/ James Willey	Issue Date September 30, 2010	
Title: President Dallas Creek Water Company	Effective Date December 1, 2016	

Dallas Creek Water Company, Inc.
334 South 5th Street
Montrose, CO 81401

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27	First Revised
28	First Revised
29	First Revised
30	First Revised
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34	First Revised
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36	First Revised
37	First Revised
38	First Revised
39	First Revised
40	First Revised
41	First Revised
42	Second Revised (T)
43	First Revised
44	First Revised
45	First Revised
46	First Revised
47	First Revised
48	First Revised
49	First Revised

1.2 EXPLANATION OF SYMBOLS

The following symbols shall be used in this tariff for the purpose indicated below:

- (C) To signify changed regulation.
- (D) To signify discontinued rate and regulation.
- (I) To signify increased rate.
- (M) To signify a move in the location of text.
- (N) To signify new rate or regulation.
- (R) To signify reduced rate.

Advice Letter No. 4	Decision No.	
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Title: President Dallas Creek Water Company	Effective Date December 1, 2016	

Dallas Creek Water Company, Inc.
334 South 5th Street
Montrose, CO 81401

Colorado PUC Tariff Number 1
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SECTION 7 - SCHEDULE OF UTILITY RATES AND FEES

Monthly

Base Service Charge	\$44.76	(I)
Meter In-Service Charge	\$33.70	(I)

Non-Recurring

Water Tap Fee	\$7,000
Turn-on/Turn-off	\$50.00
Water Tap Transfer Fee	\$50.00
After-Hours Fees	
First Hour	\$60.00
Additional Fifteen (15) Minutes	\$15.00

Usage

Customer Usage Fee per 1,000 gallons	\$9.45	(I)
Water Distribution Fee per 1,000 gallons	\$1.52	(I)
Raw Water Fee per 1,000 gallons	\$7.50	
Service Connection Fee	Individual Case Basis	

Advice Letter No. 4	Decision No.	
Signature of Issuing Officer /s/ James Willey	Issue Date September 30, 2010	
Title: President Dallas Creek Water Company	Effective Date December 1, 2016	