

Dammeron Valley Water Works, LLC  
 General Rate Case Increase  
 Index

Exhibit 1.1  
 Docket No. 15-2025-01

<b>Exhibit No.</b>	<b>Tab Label</b>	<b>Title</b>	<b>Description</b>
<a href="#">1.1</a>	INDEX	Index	
<a href="#">1.2a</a>	Rates	Rate Schedule	Shows the rate calculations and corresponding rate schedules.
<a href="#">1.2a</a>	Notes	Rate Schedule (Notes)	Notes and comments regarding Exhibit 1.2a.
<a href="#">1.2</a>	Expense Allocation	Allocation of Expenses	Categorizes expenses as either Fixed or Variable expenses.
<a href="#">1.2</a>	Notes	Expense Allocation (Notes)	Notes and comments regarding Exhibit 1.2
<a href="#">1.3</a>	Adj. Expense	Adjustments to Expenses	Shows any adjustments to the expense amounts submitted by the water company.
<a href="#">1.3</a>	Notes	Adjustments to Expenses (Notes)	Notes and comments regarding Exhibit 1.3
<a href="#">1.3a</a>	Requested Expenses	Requested Expenses Submitted by Dammeron Water	This sheet shows the expenses submitted by Dammeron Water in its Rate Case Application.
<a href="#">1.4</a>	Rev & Exp	Summary of Revenues and Expenses (Revenue Requirement)	Summarizes the necessary expenses and shows the revenues required to fund these expenses.
<a href="#">1.5</a>	Reserve	Capital Reserves	Sets the minimum Capital Reserves funding requirements.
<a href="#">1.6</a>	Deprec	Depreciation Expense & Accumulated Depreciation Reconciliation	Lists the Company's assets and calculates the Depreciation Expense and Accumulated Depreciation
<a href="#">1.6</a>	Notes	Depreciation Expense & Accumulated Depreciation Reconciliation (Notes)	Notes and comments regarding Exhibit 1.6
<a href="#">1.7</a>	Rate Base	Rate Base	Rate base is the value of property, or infrastructure, on which a public utility is permitted to earn a specified rate of return.
<a href="#">1.8</a>	Ret on Inv	Return on Investment	Lists the company's return on its investment is has an opportunity to earn.

Dammeron Valley Water Works, LLC  
 General Rate Case Increase  
 Rate Schedule

Exhibit 1.2a  
 Docket No. 15-2025-01

**Fixed Expenses**

1	Fixed System Expenses	\$ 78,443.20	[From Sch 1.2]
2	Total Number of Lots in System	473	[From Sch 1.2]
3	Annual Fixed Expenses per Lot	\$ 165.84	(Line 1 ÷ Line 2)
4	Number months in year	12	
5	<b>Monthly Fixed System Rate</b> (Paid by all qualified lots in Service Area) *	<b>\$ 13.90</b>	(Line 3 ÷ Line 4)
6			
7	Fixed System Usage Expenses	\$ 110,350.80	[From Sch 1.2]
8	Total Number of Connections	384	[From Sch 1.2]
9	Annual Fixed Usage Expenses	\$ 287.37	(Line 7 ÷ Line 8)
10	Number months in year	12	
11	<b>Monthly Fixed System Usage Rate</b> (Paid in addition to Fixed System Rate by each CONNECTED Lot) *	<b>\$ 24.00</b>	(Line 9 ÷ Line 10)

**Variable Expenses**

14	Variable Water Consumption Expenses	\$ 44,453.00	[From Sch 1.2]
15	Total Gallons Used	166,136,760	[From Sch 1.2]
16	<b>Variable Water Consumption Rate</b> (Paid for each 1,000 gallons water used) **	<b>\$ 0.30</b>	(Line 14 ÷ Line 15 X 1,000 Gallons)

**Rate Schedule**

Monthly Rates			Monthly Water Usage Amounts	
Standby Rate	\$13.90	[From Line 5]		
Base Rate for Connected Customers	\$37.90	(Lines 5 + 11)	0 gals	0 gals
Tier 1 (Per 1,000 Gallons)	\$ 0.30	[From Line 16]	0 gals	12,000 gals
Tier 2 (Per 1,000 Gallons)	\$0.60	(Line 25 X 2)	12,001 gals	24,000 gals
Tier 3 (Per 1,000 Gallons)	\$1.20	(Line 26 X 2)	24,001 gals	36,000 gals
Tier 4 (Per 1,000 Gallons)	\$1.80	(Line 27 X 1.5)	36,001 gals	48,000 gals
Tier 5 (Per 1,000 Gallons)	\$2.70	(Line 28 X 1.5)	48,001 gals	Plus
Irrigation Rate ***	\$0.45		40,000 gals	

\* Rounded up to the nearest \$0.10

\*\* Rounded up to the nearest \$0.05

\*\*\* The irrigation rate is set a 50% increase over the variable expenses of \$0.30 per gallon.

**Comments:**

The purpose of this schedule is to calculate just, reasonable and adequate rates to generate sufficient revenues to fully fund the fixed expenses to promote the safe, healthy, economic, efficient, and reliable operational expenses at adequate levels of service at the lowest costs and to meet the reserve requirements of the Company.

**Additional Comments:**

**Line 5.**

Monthly Fixed System Rate This is the rate portion that primarily pays for the fixed Infrastructure. This rate is paid by all lots of the water system. This rate is the Standby Rate and is a portion of the rate for the connected customers.

**Line 11.**

Monthly Fixed System Usage Rate This portion of the rate that covers the fixed usage expenses. This rate is paid by connected customers and is paid in addition to the fixed system expenses by the connected customers.

**Line 16.**

Variable Water Consumption Rate This amount is the incremental cost per gallon to cover variable expenses.

**Line 27.**

The Irrigation Rate is applicable to customers that have previously purchased a one (1) acre-foot water right or more from the Dammeron Corporation.

Irrigation customers must first use their total culinary allotment at the applicable water rate before the irrigation rate applies. Once the culinary and irrigation allotments are used, the applicable overage rates listed in the tariff above will apply.

Each irrigation share allows the use of 40,000 gallons per month until one-acre foot (325,480 gallons) is reached each year.

Dammeron Valley Water Works, LLC  
 General Rate Case Increase  
 Allocation of Expenses

Exhibit 1.2  
 Docket No. 15-2025-01

		----- Fixed Expenses -----		---- Variable Expenses ----			
Expense Category	Adjusted Total Expenses [From Exh 1.3]	System Expenses (Paid by ALL Customers)		System Usage Expenses (Paid by CONNECTED Only)		Water Consumption Expenses	
		Total Customers: 473		Total CONNECTED Customers: 384		Projected Usage: 166,136,760 gals	
Operation & Maintenance Expenses		30%		70%		100%	
Salaries & Wages - Employees & Officers	\$ 82,714.00	\$ 24,814.20		\$ 57,899.80			
Payroll Taxes	6,931.00	\$ 2,079.30		\$ 4,851.70			
Purchased Power for Pumps (Electricity)	25,425.00					\$ 25,425.00	
Purchased Power for Storage Barn (Electricity)	1,219.00	\$ 365.70		\$ 853.30			
Materials and Supplies	6,421.00					\$ 6,421.00	
Contractual Services - Legal and Professional Fees	-	-		-		-	
Contractual Services - Sand Cove Pipeline Design	-	-		-		-	
Contractual Services - Accounting	1,671.00	\$ 501.30		\$ 1,169.70			
Contractual Services - Legal	500.00	\$ 150.00		\$ 350.00			
Contractual Services - Testing & Lab Fees	364.00	\$ 109.20		\$ 254.80			
Water System Repairs & Maintenance	-	-		-		-	
Pumps and Wells	11,000.00					\$ 11,000.00	
Lines and Meters	1,607.00					\$ 1,607.00	
SCADA Maintenance Contract	2,700.00	\$ 810.00		\$ 1,890.00			
SCADA	-	-		-			
Fire Hydrants	1,500.00	\$ 450.00		\$ 1,050.00			
Interest on Outstanding Loan	-	-		-			
Water System Equipment Rental	522.00	\$ 156.60		\$ 365.40			
Water System Equipment Maintenance	130.00	\$ 39.00		\$ 91.00			
Contractual Services - Billing (Meter Reading)	-	-		-			
Insurance - General Liability	3,991.00	\$ 1,197.30		\$ 2,793.70			
Regulatory Commission Expense	700.00	\$ 210.00		\$ 490.00			
Miscellaneous Expenses	-	-		-			
Small Tools	36.00	\$ 10.80		\$ 25.20			
Communications Equipment & Services	11,421.00	\$ 3,426.30		\$ 7,994.70			

Dammeron Valley Water Works, LLC  
 General Rate Case Increase  
 Allocation of Expenses

Exhibit 1.2  
 Docket No. 15-2025-01

		----- Fixed Expenses -----		---- Variable Expenses ----			
		System Expenses <i>(Paid by ALL Customers)</i>		System Usage Expenses <i>(Paid by CONNECTED Only)</i>		Water Consumption Expenses	
		Total Customers:	473	Total CONNECTED Customers:	384	Projected Usage:	166,136,760 gals
Expense Category	Adjusted Total Expenses <i>[From Exh 1.3]</i>						
Computer Communications & Services	3,832.00		\$ 1,149.60		\$ 2,682.40		
Postage	1,200.00		\$ 360.00		\$ 840.00		
Dues and Fees (Pitney Bowes) Postage	2,894.00		\$ 868.20		\$ 2,025.80		
Office Supplies	868.00		\$ 260.40		\$ 607.60		
Office Rent	6,242.00		\$ 1,872.60		\$ 4,369.40		
Bank Fees & Charges	355.00		\$ 106.50		\$ 248.50		
Storage Barn Rent	5,000.00		\$ 1,500.00		\$ 3,500.00		
Dues	63.00		\$ 18.90		\$ 44.10		
	-		-		-		-
<b>Total Operation &amp; Maintenance Expenses</b>	<b>\$ 179,306.00</b>		<b>\$ 40,455.90</b>		<b>\$ 94,397.10</b>		<b>\$ 44,453.00</b>
<b>Capital Reserve Account Funding</b>			100%		0%		
Annual Depreciation Expense	\$ 25,049.00		\$ 25,049.00				
<b>Total Capital Reserve Account Funding</b>	<b>\$ 25,049.00</b>		<b>\$ 25,049.00</b>				
<b>Return on Investment (Profit)</b>			30%		70%		
Return on Investment	\$ 22,791.00		\$ 6,837.30		\$ 15,953.70		
<b>Total Return on Investment (Profit)</b>	<b>\$ 22,791.00</b>		<b>\$ 6,837.30</b>		<b>\$ 15,953.70</b>		
<b>Taxes</b>			100%		0%		
Property Tax	\$ 6,101.00		\$ 6,101.00				
Projected Federal and State Income Tax	0.00		-		-		
<b>Total Taxes</b>	<b>\$ 6,101.00</b>		<b>\$ 6,101.00</b>				
<b>Total Expenses</b>	<b>\$ 233,247.00</b>		<b>\$ 78,443.20</b>		<b>\$ 110,350.80</b>		<b>\$ 44,453.00</b>

**Comments:**

**Comment:**

The purpose of this schedule is to allocate expenses of the water company into fixed expenses and variable expenses. Fixed expenses are further broken down to the fixed system expenses and fixed usage expenses. Part of the rate-making process is to ensure that all fixed costs are covered by the base rates regardless of how much water is sold.

*Note: The total number of water customers used in this analysis is an estimate by the Company.*

**Fixed Expenses**

Fixed System Expenses are costs that are incurred regardless of the quantity of water delivered and must be recovered through the minimum monthly bill. Whether the service is used or not, it is the system's obligation to have the service available to its customers 365 days per year, 24 hours a day and there are costs associated with this.

**Fixed System Expenses** are paid equally by all customers, including both standby and connected customers. Fixed System Expense Fees pay for a portion (30% of fixed expenses plus 100% of the reserve account) of the water utility's fixed expenses.

**Fixed System Usage Expenses** are the remainder of the unpaid fixed expenses not paid through the Fixed System Expense Fees are paid equally by only those customers connected to the water system. Fixed Usage Expenses are costs that are more directly related to the pumping, treating and storage of the water provided to each connected customer on a monthly basis.

**Variable Expenses**

**Break-Even Variable Water Consumption Rate (Price per 1,000 gallons)** represent the break-even variable rate per 1,000 gallons charged to connected customers. This is the minimum variable cost for delivering water and the customer pays for what water they consume.

Dammeron Valley Water Works, LLC  
 General Rate Case Increase  
 Adjustments to Expenses

Exhibit 1.3  
 Docket No. 15-2025-01

	NARUC #	Requested Expenses [From Exh 1.3a]	Division Adjustments	Adjusted Total Expense [To Exhibit 1.2]
<b>Operation &amp; Maintenance Expenses</b>				
1				
1	601 & 603	\$ 82,714.00		\$ 82,714.00
2	601 & 603	6,931.00		6,931.00
3	615	25,425.00		25,425.00
4	615	1,219.00		1,219.00
5	620	6,421.00		6,421.00
6	631	8,608.00	\$ (8,608.00)	-
7	631	1,789.00	(1,789.00)	-
8	632	1,671.00		1,671.00
9	633	-	500.00	500.00
10	635	364.00		364.00
11	636 & 637			-
12		20,451.00	(9,451.00)	11,000.00
13		1,607.00		1,607.00
14		8,140.00	(5,440.00)	2,700.00
15		1,131.00	(1,131.00)	-
16		8,353.00	(6,853.00)	1,500.00
17	675	9,558.00	(9,558.00)	-
18	642	522.00		522.00
19	640	130.00		130.00
20	639			-
21	657	3,991.00		3,991.00
22	667		700.00	700.00
23	675			-
24		36.00		36.00
25		11,421.00		11,421.00
26		3,832.00		3,832.00
27		1,615.00	(415.00)	1,200.00
28		2,894.00		2,894.00
29		868.00		868.00
30		6,242.00		6,242.00
31		355.00		355.00
32		9,398.00	(4,398.00)	5,000.00
33		63.00		63.00
34				
35		\$ 225,749.00	\$ (46,443.00)	\$ 179,306.00
<b>Annual Capital Reserve Account Funding [From Exhibit 1.5]</b>				
36	403	\$ 44,535.85	\$ (19,486.85)	\$ 25,049.00
37		\$ 44,535.85	\$ (19,486.85)	\$ 25,049.00
<b>Return on Investment (Profit) [From Exhibit 1.8]</b>				
38		-	\$ 22,791.00	\$ 22,791.00
39		-	\$ 22,791.00	\$ 22,791.00
<b>Taxes</b>				
40	408	\$ 6,101.00		\$ 6,101.00
41	409	-	-	-
42		\$ 6,101.00	-	\$ 6,101.00
43	<b>Totals</b>	\$ 276,385.85	\$ (43,138.85)	\$ 233,247.00

Line  
No. Comment

**6 Contractual Services – Legal & Professional Fees** Upon inquiry regarding this expense category, via the Division’s 1st Data Request, Dammeron Water responded “The correct description is Professional Fees. The dollar amount submitted is for Engineer services for our future development projects.”

Based on this statement, engineering fees for future development are disallowed as an expense to be included in rates for current ratepayers. The developer(s) of the future expansions should fund the infrastructure and make up their costs in the sale of lots.

**7 Contractual Services - Sand Cove Pipeline Design** Sand Cove is one of the future expansion areas.

Based on this statement, engineering and design fees for Sand Cove pipeline design, a future development project, are disallowed as an expense to be included in rates for current ratepayers. The developer(s) of the future expansions should fund the infrastructure and make up their costs in the sale of lots.

**8 Contractual Services - Accounting**

**9 Contractual Services - Legal** Legal fees were originally mislabeled as “Professional Fees,” and deleted in its entirety. See explanation for line 6, above. Dammeron Water stated that there would be minimal legal expenses for its current customers and system and agreed that \$500 per year would likely cover any miscellaneous legal fees.

**12 Water System Repairs & Maintenance: Pumps and Wells** Dammeron Water indicated that this projection was based on test-year expenses that included several large projects that will not typically occur each year. Dammeron Water stated that this new amount is more representative.

**14 Water System Repairs & Maintenance: SCADA Maintenance Contract** This was originally submitted as “Contract Maintenance.” Upon further inquiry, it was determined that it is the maintenance contract for the SCADA system used by Dammeron Water to manage its wells and pumps. Dammeron Water indicated that the projection included a significant update that is not typical and felt that the new amount was representative of future expenses.

**15 Water System Repairs & Maintenance: SCADA** This appears to be a duplication of the above SCADA expense and was disallowed.

**16 Water System Repairs & Maintenance: Fire Hydrants** Upon inquiry of Dammeron Water, they stated that the projection was not indicative of the future expenses for the current system and felt that the new amount was adequate in the future.

**17 Interest on Outstanding Loan** Dammeron Water’s rate application stated in Exhibit D-10, page 5 of 6, “This loan was taken out to help with additions to the infrastructure. It is reflected as the “Westside Transmission Line 2012,” asset #52 on the depreciation schedules ...”

Based on this statement, interest and the principle payments are disallowed as an expense to be included in rates for current ratepayers. The developer(s) of the future expansions should fund the infrastructure and make up their costs in the sale of lots.

**22 Regulatory Commission Expense** An estimated amount was added by the Division.

**27 Postage** This expense appears to be a partial duplicate of line 27. After discussion with Dammeron Water, it was mutually decided that \$1,200 would be adequate for postage.

**28 Dues and Fees (Pitney Bowes) Postage** Dammeron Water Stated that this expense was initially listed as “Dues and Fees” is the amount paid to Pitney Bows for postage.

**32 Storage Barn Rental** Dammeron Water reported that the original submission included part of the building expenses of the storage barn that is not an asset of Dammeron Water. The remaining expense is for the rental fee of the storage barn.

**41 Projected Federal and State Income Taxes** Dammeron Water has requested no allowance for potential state and income taxes. Dammeron Water further states that it is a disregarded entity for Federal tax purposes, and it is consolidated with Dammeron Corporation on the tax return



Dammeron Valley Water Works, LLC  
General Rate Case Increase  
Requested Expenses Submitted by Dammeron Water  
*Prepared by Dammeron Water*

Exhibit 1.3a  
Docket No. 15-2025-01

Expense	NARUC Account Number	Projected Expenses
615-100 · Bank Charges - WW	675	354.88
617-100 · Contract Maintenance	675	8,140.09
629-100 · Depreciation Expense - WW	403	44,535.85
635-100 · Equipment Rentals - WW	642	521.60
636-100 · Equipment Maintenance	675	130.45
639-100 · Insurance - WW	659	3,990.83
641-100 · Interest Expense - WW	427	9,558.39
645-000 · Accounting Fees - WW	632	1,670.98
645-100 · Legal & Professional Fees - WW	633	8,608.01
646-000 · Dues & Fees	675	2,893.81
651-100 · Miscellaneous - WW	675	-124.85
655-000 · Personal Property Tax	408	6,100.75
656-100 · Salaries & Wages	601 / 603	82,714.78
656-200 · Payroll taxes	408	6,931.25
661-100 · Office Supplies - WW		0.00
661-101 · Postage	675	1,615.16
661-100 · Office Supplies - WW - Other	675	868.31
661-100 · Office Supplies - WW	675	2,483.47
663-100 · Office Rent - WW	641	6,242.40
664-100 · Barn Expense	675	9,398.10
665-000 · Small Tools	675	36.19
666-100 · Repairs & Maint - pumps & wells	675	20,450.85
667-100 · Repairs & Maint - Lines & Meter	675	1,607.23
667-130 · Repairs & Upgrades on SCADA	675	1,130.64
667-150 · Repairs & Maint - Fire Hydrants	675	8,353.37
667-160 · Sand Cove Pipeline Design	631	1,788.97
671-100 · Supplies - WW	620	6,421.12
675-100 · Taxes - WW	408	0.00
680-100 · Telephone - WW		0.00
680-101 · Cell Phone		11,421.19
680-100 · Telephone - WW - Other		3,832.05
680-100 · Telephone - WW	675	15,253.24
683-100 · Travel - WW	650	0.00
685-100 · Utilities - WW Pumps	610	25,424.82
685-150 · Other Utilities	610	1,218.29
687-100 · Water Testing	635a	364.14
745-002 · Fees	675	62.97
<b>Total Expense</b>		<b>276,262.603596</b>

Division Comments:

This sheet shows the expenses submitted by Dammeron Water in its Rate Case Application, Exhibit D-3, that it is seeking to recover through rates. The Division relied on these amounts in its analysis. Any adjustments to these amounts are discussed on the Division's Exhibit 1.3.

Dammeron Valley Water Works, LLC  
 General Rate Case Increase  
 Summary of Revenues and Expenses (Revenue Requirement)

Exhibit 1.4  
 Docket No. 15-2025-01

	Number of Customers <i>[From Exh 1.2]</i>	Monthly Rate <i>[From Exh 1.2a]</i>	Amount
<b>Revenues</b>			
1	Connected Customers	384	\$ 37.90
2	Standby Customers <i>(473 minus 384)</i>	89	13.90
3	<b>Total Revenue</b>		<b>\$ 189,488.40</b>
<b>Expenses</b>			
		<b>References</b>	
4	Total Operation & Maintenance Expenses	<i>[From Exhibit 1.2]</i>	\$ 179,306.00
5	Less: Variable Expenses	<i>[From Exhibit 1.2]</i>	<b>(44,453.00)</b>
6	Total <b>Fixed</b> Operation & Maintenance Expenses		\$ 134,853.00
7	Total Taxes	<i>[From Exhibit 1.2]</i>	\$ 6,101.00
8	Projected Federal and State Income Tax		-
9	Total Capital Reserve Account Funding	<i>[From Exhibit 1.5]</i>	25,049.00
10	Total Return on Investment (Profit)	<i>[From Exhibit 1.8]</i>	\$ 22,791.00
11	<b>Total Expenses (Less: Variable Expenses)</b>		<b>\$ 188,794.00</b>
12	<b>Projected Annual Amount Over/(Under) Earned (line 3 - line 11)</b>		<b>\$ 694.40</b>

**Comments:**

This worksheet is a summary of revenues generated by the rates as calculated in Exhibit 1.2a and the offsetting expenses as referenced in the above calculations. As this worksheet demonstrates, the revenues are sufficient to meet the fair and reasonable fixed expenses.

**Additional Comments:**

Line 11. This is commonly referred to as the revenue requirement. The revenue requirement is the amount of money the utility requires to cover its reasonable expenses, taxes, reserve requirements and an opportunity to earn a reasonable return on its prudent and useful investments in infrastructure.

Line 12. This is the amount of the projected revenues in excess of the expenses. This is due to the rounding of the rate amounts on Exhibit 1.2a.

Dammeron Valley Water Works, LLC  
 General Rate Case Increase  
 Capital Reserves

Exhibit 1.5  
 Docket No. 15-2025-01

Description	Amount	References
<b>Annual Capital Reserve Account Funding</b>		
1 Annual Depreciation Expense	\$ 25,049.00	[From Exhibit 1.6]
2		
3 <b>Total Annual Capital Reserve Account Funding</b>	\$ 25,049.00	[To Exhibit 1.3]

**Comments:**

The Capital Reserve Account is funded through rates, maintained in an escrow or other protected bank account and is to be used for qualifying expenses (capital replacements and improvements) only, as the need arises. Capital Reserves are funded through rates paid equally by all connected and standby customers.

Setting aside reserves is critical to developing and maintaining financial stability and can mean the difference between a system that is self-sustaining and one that may fall victim to disrepair or become financially unstable during even a relatively small emergency. Having a reserve account is critical to developing and maintaining financial stability.

In this case, Dammeron Water has an aging water system with no capital reserves set aside which makes it critical to start setting aside reserves as soon as possible.

Note: Earnings generated from the variable Consumption Rate must be deposited in the Capital Reserve Account. The funds generated from the Consumption Rate are treated as accelerated capital reserve fees. Dammeron Water has minimal cash on hand as of this rate case (abt. \$200) and is essentially 30 years behind in funding its Capital Reserve Account. The accelerated capital reserve fees will help in providing adequate funding for the Capital Reserve Account to repair and replace an aging infrastructure.

**Additional Comments:**

Line 1. The Divisions recommends funding the Capital Reserve Account annually at an amount equal to the Company’s annual depreciation expense, which is based on the original costs of the infrastructure. Ideally, the Capital Reserve Account funding would be based on the projected replacement value of the infrastructure, which would be more reflective of the actual costs of replacing the infrastructure. Due to costs consideration resulting in higher rates, the Division has set the reserve funding at original costs rather than replacement costs.

Dammeron Valley Water Works, LLC  
 General Rate Case Increase  
 Depreciation Expense & Accumulated Depreciation Reconciliation

Exhibit 1.6  
 Docket No. 15-2025-01

Depreciation Rates for Water Utilities Per R746-332				2014 Plant Accounts						
NARUC Acct #	Account Name	Depreciation Rate Applied	Average Service Life (Years)	Beginning Balance	Additions	Balance at end of Year	Accumulated Depreciation	Annual Depreciation as Calculated by Dammeron Water	Correct Annual Depreciation Expense for Year	Accum Depreciation through the end of Year
	<b>Depreciable</b>									
1	304	Structures and Improvements	2.9%	35	\$ 1,273	\$ 1,273	\$ (1,273)	-	-	\$ (1,273)
2	305	Collecting and Impounding Reservoirs	2.0%	50	-	-	-	-	-	-
3	306	Lakes, Rivers, and Other Intakes	2.9%	35	-	-	-	-	-	-
4	307	<b>Wells and Springs</b>								
5		Well #3 - DVWW	4.0%	25	17,115	17,115	(17,115)	-	-	(17,115)
6		Well #3 Improvements	4.0%	25	24,485	24,485	(23,333)	(816)	(979)	(24,312)
		<b>2004 New Water Line</b>								
7		New Water Line and Well 12/31/04	4.0%	25	430,180	430,180	(130,249)	(17,207)		
8		New Water Line and Well 12/31/04	4.0%	25	(215,090)	(215,090)	130,249		(8,604)	(138,853)
9		Water Line & Well #4 03/01/05	4.0%	25	10,807	10,807	(3,182)	(432)		
10		Water Line & Well #4 03/01/05	4.0%	25	(5,404)	(5,404)	3,182		(216)	(3,398)
11		Well #4 & Tank - Other	4.0%	25	7,896	7,896	(3,992)	(316)		
12		Well #4 & Tank - Other	4.0%	25	(3,948)	(3,948)	3,992		(158)	(4,150)
				<b>224,442</b>	<b>224,442</b>	<b>-</b>	<b>(17,955)</b>	<b>(8,978)</b>	<b>(146,401)</b>	
13		Well #3 SCADA Improvements	4.0%	25	23,566	23,566	(5,106)	(786)	(943)	(6,049)
14		Water Lines Homestead East Com	4.0%	25	6,413	6,413	(962)	(214)	(257)	(1,219)
15		<b>Total Wells and Springs</b>		<b>296,021</b>	<b>-</b>	<b>296,021</b>	<b>(46,516)</b>	<b>(19,771)</b>	<b>(11,157)</b>	<b>(195,096)</b>
16	308	Infiltration Galleries and Tunnels	4.0%	25	-	-	-	-	-	-
17	309	Supply Mains	2.0%	50	-	-	-	-	-	-
18	310	Power Generation Equipment	9.0%	10	-	-	-	-	-	-
19	311	<b>Pumping Equipment</b>								
20		Pumps and Pump houses	5.0%	20	15,171	15,171	(15,171)	-	-	(15,171)
21		Pumps and Pump houses	5.0%	20	11,970	11,970	(11,970)	-	-	(11,970)
22		New Pump #3	5.0%	20	7,124	7,124	(7,124)	-	-	(7,124)
23		Flow Meters on Pumps	5.0%	20	3,629	3,629	(3,629)	-	-	(3,629)
24		Sort Start Generator Box	5.0%	20	3,518	3,518	(3,518)	-	-	(3,518)
25		Concrete around Valves and Bowels	5.0%	20	2,605	2,605	(825)	(174)	(130)	(955)
26		New Motor and Bowls	5.0%	20	7,870	7,870	(2,361)	(525)	(394)	(2,755)
27		<b>Total Pumping Equipment</b>		<b>51,887</b>	<b>-</b>	<b>51,887</b>	<b>(44,598)</b>	<b>(698)</b>	<b>(524)</b>	<b>(45,122)</b>
28	320	Water Treatment Equipment	5.0%	20	-	-	-	-	-	-
29	330	<b>Distribution Reservoirs &amp; Standpipes</b>								
30		Water Tanks 2	3.3%	30	187,752	187,752	(92,371)	(4,694)	(6,196)	(98,567)
31		1995 Water Tanks	3.3%	30	30,111	30,111	(15,808)	(753)	(994)	(16,802)
32		<b>Total Distribution Reservoirs &amp; Standpipes</b>		<b>217,863</b>	<b>-</b>	<b>217,863</b>	<b>(108,180)</b>	<b>(5,447)</b>	<b>(7,190)</b>	<b>(115,370)</b>
33	331	<b>Transmission and Distribution Mains</b>								
34		Westside Transmission Line 2012	2.0%	50	288,289	288,289	(22,422)	(9,610)		
35		Westside Transmission Line 2012	2.0%	50	(288,289)	(288,289)	22,422			
36		Transmission Lines DVWW	2.0%	50	93,196	93,196	(66,996)	(3,107)	(1,864)	(68,860)
37		Transmission Lines	2.0%	50	62,369	62,369	(43,658)	(2,079)	(1,247)	(44,905)
38		Transmission Lines	2.0%	50	29,192	29,192	(29,192)	-	-	(29,192)

Dammeron Valley Water Works, LLC  
 General Rate Case Increase  
 Depreciation Expense & Accumulated Depreciation Reconciliation

Exhibit 1.6  
 Docket No. 15-2025-01

Depreciation Rates for Water Utilities Per R746-332				2014 Plant Accounts						
NARUC Acct #	Account Name	Depreciation Rate Applied	Average Service Life (Years)	Beginning Balance	Additions	Balance at end of Year	Accumulated Depreciation	Annual Depreciation as Calculated by Dammeron Water	Correct Annual Depreciation Expense for Year	Accum Depreciation through the end of Year
	<b>Total Transmission &amp; Distribution Mains</b>			184,757	-	184,757	(139,847)	(14,795)	(3,111)	(142,958)
39										
40	333 Services	3.3%	30			-			-	-
41	334 Meters and Meter Installations	2.6%	35			-			-	-
42	335 Hydrants	2.4%	40			-			-	-
43	336 Backflow Prevention Devices	2.6%	35			-			-	-
44	339 Other Plant & Misc. Equipment	9.0%	10			-			-	-
45	340 Office Furniture and Equipment	4.8%	20	3,923		3,923	(3,153)	(224)	(188)	(3,341)
46	341 Transportation Equipment	12.9%	7			-			-	-
47	342 Stores Equipment	5.0%	20			-			-	-
48	343 Tools, Shop and Garage Equipment	6.3%	15			-			-	-
49	Husky Generator	6.3%	15	480		480	(312)	(96)	(30)	(342)
50	Hard Wire Generator	6.3%	15	2,512		2,512	(1,717)	(502)	(158)	(1,875)
51	100hp Motor	6.3%	15	15,013		15,013	(10,259)	(3,003)	(946)	(11,205)
52	Well Equipment	6.3%	15	4,240		4,240	(2,827)	(848)	(267)	(3,094)
53	Rat Proof Generator	6.3%	15	759		759	(493)	(152)	(48)	(541)
54	<b>Total Tools, Shop and Garage Equipment</b>			23,004	-	23,004	(15,607)	(4,601)	(1,449)	(17,056)
55	344 Laboratory Equipment	6.7%	15			-	-	-	-	-
56	345 Power Operated Equipment	9.0%	10	15,000		15,000	(15,000)	-	-	(15,000)
57	346 Communication Equipment									-
58	Telemetry System 5/12/01	9.0%	10	15,890		15,890	(10,215)	-	(1,430)	(11,645)
59	SCADA Telemetry System 6/11/05	9.0%	10	31,428		31,428	(31,428)	-	-	(31,428)
60	SCADA Tech Equipment	9.0%	10	10,243		10,243	(10,243)	-	-	(10,243)
61	Software	9.0%	10	2,000		2,000	(2,000)	-	-	(2,000)
62	E&M Software	9.0%	10	14,800		14,800	(14,800)	-	-	(14,800)
63	<b>Total Communication Equipment</b>			74,361	-	74,361	(68,686)	-	(1,430)	(70,116)
64	347 Miscellaneous Equipment	9.0%	10			-			-	-
65	348 Other Tangible Plant	9.0%	10			-			-	-
70	<b>Total</b>			\$ 868,088	-	\$ 868,088	\$ (442,859)	\$ (45,536)	\$ (25,049)	\$ (605,331)
				<b>Tot Adj.</b>	(512,731)		[To Exh 1.7]		[To Exh 1.5]	[To Exh 1.7]

Dammeron Valley Water Works, LLC  
General Rate Case Increase  
Depreciation Expense & Accumulated Depreciation Reconciliation (Notes)

Exhibit 1.6  
Docket No. 15-2025-01

**General Comments:**

Dammeron Water's depreciation schedules provided in its rate case application do not match the depreciation information provided in its 2014 Water Annual Report. The Division used the information provided by Dammeron Water in its rate case application for this analysis. Regardless of the source information used, the Division reconstructed the current year's depreciation expense that should be consistent with either of the sources mentioned above.

In its analysis, the Division found that Dammeron Water is not using the correct depreciation rates as prescribed by Utah Rule, which can be found in R746-332-1. The correct depreciation rates can also be found in the Water Annual Report on the Division's website.

**Other Comments:**

Line

No. Comment:

7-12 New Water Lines and Wells - Dammeron Water's rate application stated in Exhibit D-10, page 2 of 6, *"This loan was taken out to help with additions to the infrastructure. It is reflected as the "New Water Line and Well," asset #52 on the depreciation schedules ..."*

Based on this statement, depreciation expenses (and the capital reserve fund) should not be funded through rates by the current ratepayers. The developer(s) of future expansions to benefit, or primarily benefit, new customers should fund the infrastructure, contribute it to the water company and apply its related expenses to the future customers only.

After further discussion and clarification, Dammeron Water explained that about 50% of this asset actually directly benefitted the current customers and was used and useful as such.

34,35 Westside Transmission Line 2012 - Dammeron Water's rate application stated in Exhibit D-10, page 5 of 6, *"This loan was taken out to help with additions to the infrastructure. It is reflected as the "Westside Transmission Line 2012," asset #52 on the depreciation schedules ..."*

Based on this statement, depreciation expenses (and the capital reserve fund) should not be funded through rates by the current ratepayers. The developer(s) of future expansions to benefit, or primarily benefit, new customers should fund the infrastructure, contribute it to the water company and apply its related expenses to the future customers only.

Dammeron Valley Water Works, LLC  
 General Rate Case Increase  
 Rate Base

Exhibit 1.7  
 Docket No. 15-2025-01

Description	Requested in Rate Case	Adjustments	Division Proposed Rate base	Reference
<b>Rate base Summary</b>				
1 Utility Plant in Service			\$ 262,757.24	(From Line 8)
2 Working Capital			22,127.18	(From Line 14)
3 <b>Total Rate base [Line 2 + Line 3]</b>			<b>\$ 284,884.42</b>	[To Exhibit 1.8]
<b>Utility Plant in Service (Investment Included in Rate base)</b>				
4 Utility Plant In Service	\$ 1,380,818.94	\$ (512,730.97)	\$ 868,087.98	[From Exhibit 1.6]
5 Accumulated Depreciation			(605,330.73)	[From Exhibit 1.6]
6 Net Utility Plant In Service			<b>\$ 262,757.24</b>	
<b>Cash Working Capital (To allow for 45 days of cash on hand)</b>				
7 Cash on Hand [From Exh D-3 of Application]		\$ 170.00	\$ 170.00	
8 Total Operations & Maintenance Expense	225,749.00	(46,443.00)	179,306.00	[From Exhibit 1.3]
9 Less: Purchased Water				
10 Adjusted Total Operations & Maintenance Exp.	\$ 225,749.00	\$ (46,273.00)	\$ 179,476.00	
11 <b>Cash Working Capital (line 13 X (45/365))</b>			<b>\$ 22,127.18</b>	

**Comments:**

Rate base is the value of the property, or infrastructure, on which a public utility is permitted to earn a specified rate of return on. The rate base is essentially the utility's original investment at the time the assets were placed in service less the accumulated depreciation. It also includes a working capital allowance with reasonable prepayments for operating expenses and an allowance up to 1/8 of operational and maintenance expenses.

Dammeron Valley Water Works, LLC  
 General Rate Case Increase  
 Return on Investment

Exhibit 1.8  
 Docket No. 15-2025-01

	Description	Amount	Reference
1	Rate Base	\$ 284,884.42	[From Exhibit 1.7]
2	Rate of Return on Investment	8.00%	
3	<b>Return On Investment [line 1 X line 2]</b>	\$ 22,791.00	

**Comments:**

A utility is entitled to an opportunity to earn a reasonable return on its investment in plant and equipment over and above the allowable deductions from gross income. This return amount is considered profit. The return is not guaranteed. The return earned or allowed to be earned by a utility enterprise is calculated as a percentage of its rate base.