

Commissioner Tighe moved that the following Resolution be adopted:

BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF THE COUNTY OF JEFFERSON
STATE OF COLORADO
RESOLUTION NO. CC14-029

RE: Board of County Commissioners - Setting Reasonable Maximum Rate of Compensation for Water Delivered through the Rocky Mountain Ditch - Rocky Mountain Water Company

WHEREAS, on December 12, 2013, the Rocky Mountain Water Company submitted an application ("Application") to Board of County Commissioners (BCC) to fix a reasonable maximum rate of compensation for water carried and delivered by the Rocky Mountain Water Company to users of water from the Rocky Mountain Ditch;

WHEREAS, on January 14, 2014, the BCC passed Resolution CC14-015, ordering a February 4, 2014 hearing ("Hearing") on the Application;

WHEREAS, Pursuant to Colo. Rev. Stat. § 37-85-105, and within ten (10) days of the Resolution, the Applicant provided Notice of the Order and Hearing to interested persons by taking the following steps: Posted notice of the hearing in ten or more public places throughout the district watered from the Rocky Mountain Ditch, posted one copy for every mile in length of the Rocky Mountain Ditch, and mailed notice of the hearing to known users of the Rocky Mountain Ditch.

WHEREAS, a public hearing was held on the proposed rate on February 4, 2014, at which time evidence was received and all interested parties were heard; and

NOW THEREFORE BE IT RESOLVED that the proper posting and notification was provided as required by law and as requested by the BCC and that the hearing was extensive and complete,

BE IT FURTHER RESOLVED that the existing maximum rate for delivery of water is no longer reasonable, and that the reasonable maximum rate of compensation for water delivery shall be set at \$48.00 per inch per annum and adjusted annually on January 1, 2015 and on January 1 of each succeeding year in accordance with any increase or decrease in the CPI for the Denver-Boulder CSMA,

BE IT FURTHER RESOLVED that any proposed increase to the rate of compensation based on a CPI increase is contingent upon the Rocky Mountain Water Company holding an annual meeting of the contract holders of the Company and the creation of an interactive website.

Commissioner Rosier seconded the adoption of the foregoing Resolution. The roll having been called, the vote was as follow:

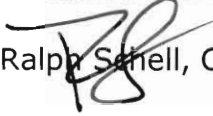
Commissioner Casey Tighe	Aye
Commissioner Donald Rosier	Aye
Commissioner Faye Griffin, Chairman	Aye

The Resolution was adopted by unanimous vote of the Board of County Commissioners of the County of Jefferson, State of Colorado.

Dated: February 4, 2014

MEMORANDUM

TO: Honorable Chairman and Members of the Board of County Commissioners

FROM:  Ralph Schnell, County Administrator

RE: Setting Reasonable Maximum Rate Of Compensation For Water Delivered Through The Rocky Mountain Ditch

DATE: February 4, 2014

Staff Recommendation: WHEREAS, on December 12, 2013, the Rocky Mountain Water Company submitted an application ("Application") to Board of County Commissioners (BCC) to fix a reasonable maximum rate of compensation for water carried and delivered by the Rocky Mountain Water Company to users of water from the Rocky Mountain Ditch;

WHEREAS, on January 14, 2014, the BCC passed Resolution CC14-015, ordering a February 4, 2014 hearing ("Hearing") on the Application;

WHEREAS, Pursuant to Colo. Rev. Stat. § 37-85-105, and within ten (10) days of the Resolution, the Applicant provided Notice of the Order and Hearing to interested persons by taking the following steps: Posted notice of the hearing in ten or more public places throughout the district watered from the Rocky Mountain Ditch, posted one copy for every mile in length of the Rocky Mountain Ditch, and mailed notice of the hearing to known users of the Rocky Mountain Ditch.

WHEREAS, a public hearing was held on the proposed rate on February 4, 2014, at which time evidence was received and all interested parties were heard; and

NOW THEREFORE BE IT RESOLVED that the proper posting and notification was provided as required by law and as requested by the BCC and that the hearing was extensive and complete,

BE IT FURTHER RESOLVED that the existing maximum rate for delivery of water is no longer reasonable, and that the reasonable maximum rate of compensation for water delivery shall be set at \$56.00 per inch per annum and increased annually on January 1, 2015 and on January 1 of each succeeding year in accordance with any increase in the CPI for the Denver-Boulder CSMA.

Resolution No.

CC 14 - 0 2 9

Background:

The Rocky Mountain Water Company filed an application with the County (per Section 37-85-103, C.R.S.) for an increase in the maximum rate set for delivery of

water in the Rocky Mountain Ditch. In 1968, the BCC set the reasonable maximum rate of compensation at \$9.34 per inch per annum for the Rocky Mountain Water Company. Since then, the Rocky Mountain Water Company has been increasing the assessment rate to address increased operation and maintenance costs and the current rate is \$25.66 per inch per annum. The Board of the Rocky Mountain Water Company requests the reasonable maximum rate of compensation for water delivery be set at \$56.00 per inch per annum and increased annually on January 1, 2015 and on January 1 of each succeeding year in accordance with any increase in the CPI for the Denver-Boulder CSMA.

BCC Briefing Presented: January 7, 2014
Hearing to set Public Hearing: January 14, 2014

Distribution:

Original returned to: Kate Newman, Deputy County Administrator x8567

Copies to: Steve Snyder, Assistant County Attorney x8926



BERNARD F. GEHRIS
303 414 6980
bgehris@bfw-law.com

December 12, 2013

(via email: knewman@jeffco.us)

Board of County Commissioners, Jefferson County
c/o Kate Newman, Deputy County Administrator
100 Jefferson County Pkwy
Golden, CO 80419

Re: Application of the Rocky Mountain Water Company for a Water Carriage Rate Increase

Dear Board of County Commissioners:

Enclosed is an Application by the Rocky Mountain Water Company, to fix a reasonable maximum rate of compensation for water price for the delivery of water from the Rocky Mountain Ditch, a carrier ditch located predominantly within Jefferson County.

Pursuant to Colo. Rev. Stat. § 37-85-101, et seq., upon application by the Rocky Mountain Water Company for a rate increase, the Board of County Commissioners is to adopt a Resolution establishing a date and time for a public hearing, the purpose of which is to determine the reasonable maximum rate of compensation for the delivery and carriage of water through the Rocky Mountain Ditch.

When the Board of County Commissioners notifies us that it has adopted a resolution setting the date and time for the public hearing, the Rocky Mountain Water Company will post copies of the public notice at various points along the Rocky Mountain Water Ditch, as required by statute. Because of the requirement for the Ditch Company to carry out the posting requirements, I respectfully ask that you provide me with a copy of the Board's Resolution immediately following its adoption so that we can ensure that Ditch Company officials have sufficient time to meet the statutory posting requirements.

As attorney for the Applicants, I request that you provide all written correspondence to the Applicant to me. Please feel free to contact me with any questions you may have pertaining to this Application.

Sincerely,

BURNS, FIGA & WILL, P.C.

Bernard F. Gehris

BFG/

Enclosures

cc: Neal Santangelo, Secretary of the Rocky Mountain Water Company
Steven L. Snyder, Assistant County Attorney (ssnyder@jeffco.us)

PUBLIC HEARING

This is a Notice of Public Hearing to be held by the Board of County Commissioners of Jefferson County, in Hearing Room One, in the Administration and Courts Facility, located at 100 Jefferson County Pkwy, Golden, CO, 80419,

on the 4th day of February, 2014 at 8:00 A.M. to consider a Request by the Rocky Mountain Water Company to:

ESTABLISH THE REASONABLE MAXIMUM RATE OF COMPENSATION FOR WATER DELIVERED THROUGH THE ROCKY MOUNTAIN DITCH.

APPLICATION TO THE BOARD OF COUNTY COMMISSIONERS
OF THE COUNTY OF JEFFERSON
STATE OF COLORADO

TO ESTABLISH THE REASONABLE MAXIMUM RATE OF COMPENSATION
FOR WATER DELIVERED THROUGH THE ROCKY MOUNTAIN DITCH

Submitted by:
The Rocky Mountain Water Company

December 12, 2013

TO THE BOARD OF THE JEFFERSON COUNTY COMMISSIONERS

THE ROCKY MOUNTAIN WATER COMPANY (hereafter the “Applicant”), requests the Board to consider this application pursuant to Section 37-85-103, C.R.S., by which the Board is authorized when application is made “to fix a reasonable maximum rate of compensation for water” carried and delivered by the Applicant to users of water from the Rocky Mountain Ditch.

1. The Rocky Mountain Ditch operates as a “carrier ditch” under Colorado statutes. The Rocky Mountain Ditch is owned and operated by the Applicant, which is a wholly owned subsidiary of Coors Brewing Company (“CBC”), a subsidiary of the Molson Coors Brewing Co.

2. The Rocky Mountain Ditch has been awarded the following priorities for diversions of water from Clear Creek:

- a.) Priority 19 from Clear Creek for 9.21 cubic feet of water per second of time for irrigation purposes with an appropriation date of May 1, 1862;
- b.) Priority 37 from Clear Creek for 7.30 cubic feet of water per second of time for irrigation purposes with an appropriation date of May 31, 1864;
- c.) Priority 41 from Clear Creek for 47.13 cubic feet of water per second of time for irrigation purposes with an appropriation date of March 31, 1865;
- d.) Priority 58 from Clear Creek for 113.66 cubic feet of water per second of time for irrigation purposes with an appropriation date of March 15, 1873; and
- e.) Priority 64 from Clear Creek for 12.70 cubic feet of water per second of time for irrigation purposes with an appropriation date of March 16, 1878;

and may store the water so diverted pursuant to decree in Case No. W-7635-74, Water Division 1.

3. The Rocky Mountain Ditch is 19 miles long and is located predominantly in Jefferson County. Its headgate and diversion works are located on the south bank of Clear Creek which is on the south side of the Croke Dam in the NE ¼ of the NE ¼ of the NW ¼ of Section 26, Township 3 South, Range 70 West, 6th P.M. and which bears South 18°12’25” West, a distance of 401.11 feet from the North ¼ corner of said Section 26, from which point the course of the ditch is in a northeasterly direction across said Section 26; thence southeasterly across Section 25; thence easterly across the south half of Section 30 in Township 3 South, Range 69 West, and to a point in the southwest quarter of Section 29, from which point its course is southerly across the northwest

quarter of Section 32 to a point in between Maple Grove Reservoir and West 20th Avenue, from which point its course is northerly across the northeast quarter of Section 32; thence easterly across the southeast quarter of Section 29; thence northeasterly across Section 28 and the north half of Section 27; thence southeasterly across the northeast quarter of Section 26 to a bifurcation of the ditch just east of Wadsworth Boulevard, from which point the ditch bifurcates into the “North Branch” and “South Branch”. The North Branch of the Rocky Mountain Ditch course is southeasterly across the Section 26; thence northeasterly across Section 25; thence easterly across the north half of Section 30, Township 3 South, Range 68 West; thence northerly across Section 19 and 20 to its point of ending in the City and County of Denver, approximately near the intersection of West 48th Avenue & Cook Street. The South Branch of the ditch course is southerly across Section 26; thence southwesterly across the west half of Section 35 to a point in the southeast quarter of Section 34, from which point its course is southerly across the west half of Section 3, Township 4 South, Range 69 West; thence southeasterly across the northeast quarter of Section 10; thence southeasterly across the north half of Section 11 to its point of ending approximately at West 1st Place and Teller Street. A map depicting the course of Rocky Mountain Ditch is attached hereto at **Appendix 1**.

4. There are approximately 55 headgates constructed in and on the Rocky Mountain Ditch through which approximately 361 users obtain water. The Rocky Mountain Ditch serves as a major source of water for Coors Brewing Company, Denver Parks & Recreation Department (supplying water to Sloans Lake, Lake Rhoda, Rocky Mountain Lake and Lake Berkeley), The Consolidated Mutual Water Company, and the City of Lakewood.

5. The Rocky Mountain Ditch, in accordance with its decreed priorities, carries approximately 7,092 inches of water. A full supply of water is measured at the rate of 40 inches for each cubic foot of water per second. The Rocky Mountain Ditch, in accordance with contracts with CBC, also carries other water rights owned and operated by CBC.

6. On July 8, 1968, the Board of County Commissioners established a reasonable maximum rate of compensation for delivery of water from the Rocky Mountain Ditch in the amount of \$9.34 per inch per annum. See 1968 Findings and Decision, attached hereto at **Appendix 2**.

7. In March of 1987, the Applicant's Board of Directors increased the assessment rate to \$15.00 per inch per annum after holding a meeting for all customers and issuing a subsequent letter to the customers explaining the need for "adequate revenues" in order to "maintain the ditch in good condition and to operate it to deliver water available". See letter dated March 18, 1987, attached hereto at **Appendix 3**.

8. Beginning in 1990, and continuing until 2008, the Applicant began increasing the assessment rate nominally to address the rate of inflation, as shown in the table attached hereto at **Appendix 4**. However, Applicant's carriage charge has remained unchanged since 2008.

9. From the time CBC's acquisition of Applicant in 1970 until 2008, CBC supplied the Applicant with facilities, vehicle maintenance and fuel. Consequently, revenues from carriage charges to CBC and contracts with CBC were sufficient, together with assessment revenues, to provide funding for maintenance and operations for the Rocky Mountain Ditch during that time.

10. In July of 2008, the maintenance facilities were transferred from CBC to MillerCoors LLC. Applicant was then required to obtain leases for replacement facilities and to pay for vehicle maintenance and fuel. However, CBC has continued and will continue to provide one hundred percent of Applicant's capital expenditures, legal, and engineering costs.

11. Beginning in 2008, Applicant's management has taken a diligent approach in re-establishing equipment access along the ditch to allow for optimization of ditch operation and maintenance ("O&M") benefiting all users along the Rocky Mountain Ditch. This approach has resulted in increased O&M expenses to the Applicant.

12. The revenue produced by the current carriage charge of \$25.66 per inch covers less than one-half of O&M costs for the Rocky Mountain Ditch. Accordingly, continuation of the current rates would be unjust to Applicant and its owner. In order for the Applicant to break even and cover O&M costs for the present and near future, a permanent rate increase of \$30.34 per inch for the delivery of water is required. (CBC will bear 72% of this increase based on its share of delivery rights.)

13. Applicant and CBC do not seek any return on their investment at this time, and therefore, propose the rate increase only to the extent necessary to recover O&M costs.

14. In support of the foregoing averments, please see the testimony of Neal Santangelo, Secretary and Field Operations Manager of the Rocky Mountain Water Company; James “Wade” Isham, Superintendent of the Rocky Mountain Water Company; and Janiece Gurule, Asst. General Manager of the Rocky Mountain Water Company, attached hereto and incorporated herein at **Appendices 5, 6 and 7.**

15. The Board of the Rocky Mountain Water Company requests an increase of \$30.34 per inch as shown in **Appendix 6.**

16. The Board of the Rocky Mountain Water Company further requests that the reasonable maximum rate of compensation for water delivery be increased annually on January 1, 2015, and on January 1 of each succeeding year, in accordance with any increase in the United States Department of Labor, Bureau of Labor Statistics final consumer price index for the Denver-Boulder consolidated metropolitan statistical area for the preceding calendar year (“Denver Boulder CPI”). The rate limitation shall not be increased if the Denver Boulder CPI for the preceding calendar year did not increase and shall not be decreased if the final Denver Boulder CPI for the preceding calendar year decreased.

17. WHEREFORE, AND BASED UPON THE FOREGOING, the Applicant requests the Board enter an Order fixing a date certain as provided by Colo. Rev. Stat. (symbol) 37-85-104, when the Board will hear all parties interested in this matter and will receive all documentary or oral evidence touching upon the Application and, upon conclusion of this hearing, to enter an Order establishing as the maximum carrying rate or charge for water delivered through the Rocky Mountain Ditch the sum of \$56.00 per inch (of which \$25.66 is the existing rate per inch), adjusted annually as provided above for the Denver Boulder CPI, which amount is required to maintain, operate and administer the Rocky Mountain Ditch.

DATED this 11th day of December, 2013

Original signature on file

ROCKY MOUNTAIN WATER COMPANY
P.O. Box 507
Golden, CO 80402

By: /s/ Neal Santangelo
Neal Santangelo
Secretary

STATE OF COLORADO)
) ss.
COUNTY OF JEFFERSON)

Neal Santangelo, being first duly sworn on oath, deposes and says: That he is the Secretary of the Rocky Mountain Water Company, Applicant herein; that he has read the above foregoing Application to Establish Carriage Charge and knows the contents thereof and that the matters and things therein stated are true to the best of his knowledge, information and belief.

Original signature on file

/s/ Neal Santangelo
Neal Santangelo

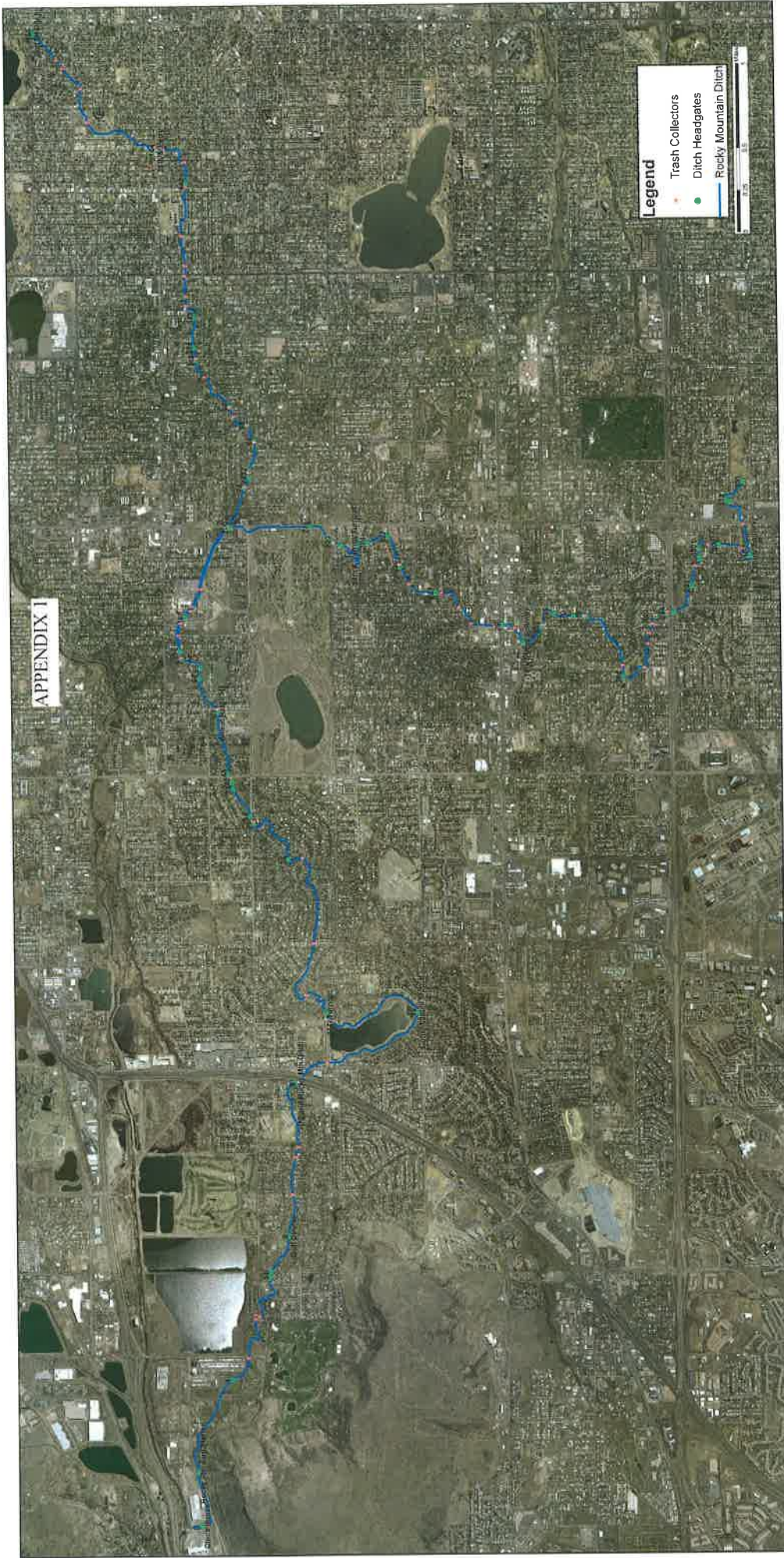
Subscribed and sworn to before me this 11th day of December, 2013 by Neal Santangelo, Secretary of the Rocky Mountain Water Company.

WITNESS my hand and official seal.

My commission expires: September 15, 2014

Original signature on file

/s/ Janiece A. Gurule
Notary Public



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the statutory notice, at which time the applicant, the Rocky Mountain Water Company, appeared with its attorney, Raphael J. Moses. Present also at this hearing were Joseph E. Maker, County Attorney, L. Howard Gates, County Auditor and Budget Officer, Ira L. Hardin, County Manager, and several persons wishing to object to the requested rate increase.

On said date the Board took sworn testimony from witnesses for the applicant and continued the matter for further public hearing in accordance with law to March 21, 1968, at the hour of 1:00 o'clock P.M. On March 21, 1968, appearing before the Board on behalf of School Lateral Ditch was Mansur Tinsley, Esq., and Gerald Himelgrin, Esq., appeared on behalf of the City and County of Denver, at which time the objectors, through counsel, objected to the jurisdiction of the Board because of alleged defects in public notice and the posting thereof, and requested that this Board continue the hearing to another date so that the opponents may be adequately represented and prepared.

Thereupon, the Board did continue the public hearing for further testimony to June 6, 1968, at the hour of 1:00 o'clock P.M.

On June 6, 1968, at the hour of 1:00 o'clock P.M., the Board of County Commissioners reconvened the public hearing, at which time Mr. Gilbert C. Maxwell, Esq., appeared on behalf of the Lakewood Country Club, requesting that the Lakewood Country Club be dismissed from this action because of lack of notice, which request and motion were denied by the Board.

It appears from the testimony that the Rocky Mountain Water Company has certain water priorities, to-wit: No. 19, dated May 1, 1862, for 9.21 second feet of water; No. 37, dated May 31, 1864, for 7.3 second feet of water; No. 41, dated March 31, 1865, for 47.13 second feet of water; No. 58, dated March 15, 1873, for 113.66 second feet of water; and No. 64, dated March 16, 1878, for 12.7 second feet of water, for a total of 190 second feet of water. The Board observes that only the first two priorities would have water available to them through July and August of each year, and that the other

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priorities normally would be available only during the earlier part of the watering season.

The position of the applicant was that the present rate set by the Board on February 7, 1966, was inadequate to defray the expenses of the applicant. Further, the applicant presented the testimony of Monte Carroll, real estate appraiser, who testified that in his opinion the replacement value of the ditch right of way in the County of Jefferson was \$912,650.00 in the County of Jefferson, and Mr. John W. Geiger, real estate appraiser, testified that the replacement value of the ditch right of way in the City and County of Denver was \$167,332.44. Mr. Kenneth Wright testified that the replacement cost of the excavations, dam and other physical property was \$396,000.00 less depreciation of \$113,000.00, or a net of \$283,000.00. The Board is not impressed with this testimony and does not adopt it.

The accountant for the applicant presented for the Board's consideration a review of the financial statements of the applicant, to-wit:

REVENUE:	
Water charges	\$16,081.00
Service fees	204.50
Total	<u>\$16,285.50</u>
EXPENSES:	
Salaries	\$5,400.00
Depreciation	5,181.44
Office service and expenses .	3,159.82
Officer's salary	2,400.00
Legal and accounting	6,290.01
Ditch maintenance	1,849.89
Bad debts	403.00
Real estate taxes	777.98
Truck and tractor expense ...	489.00
Insurance	496.35
Interest	600.00
Payroll and other taxes	283.80
Telephone	130.44
Miscellaneous	139.10
Total	<u>27,600.83</u>
Loss	11,315.33
Deficit, January 1, 1967	<u>105,309.72</u>
Deficit, December 31, 1967	<u>\$116,625.05</u>

the applicant contending that the minimum rate that should be set by the Board for delivery of water should be \$37.72 per inch, based on 2,500 inches of water, such computation being based on the estimated

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value of \$1,300,000.00 as being the value of the property put to public use with a three per cent (3%) return on the estimated value, or \$39,000.00 as a base rate alone, together with estimated Federal and Colorado income tax of \$29,850.00, and operating expense of \$25,450.00, or a required gross income of \$94,300.00. The deficit shown consists of excessive depreciation charged off.

There was testimony to the effect that the water supplied from the Rocky Mountain Water Company was less desirable than the Agricultural Ditch because the Agricultural Ditch had the cleaner water. It appeared that the Agricultural Ditch charge for an inch of water is a minimum of \$8.00 for one inch, and \$12.00 for two inches. The Board deduces therefrom that one inch of water would cost \$6.00 except for the minimum of \$8.00 set by Agricultural Ditch. There was also testimony that the Agricultural Ditch requires that stock be purchased before water delivery would be made, the cost of the stock being estimated at \$100.00 per share with six per cent (6%) interest on the \$100.00, or \$6.00 per year in addition to the aforesaid rate. There was also testimony of the charges made by various other water and ditch companies, which the Board does not consider as being analogous.

There was also testimony presented that the applicant in this case has shown partiality in the delivery of water to the North Branch of the Rocky Mountain Ditch subscribers and preferential treatment given to the City and County of Denver in the filling of its lakes at the expense of the users on the South Branch of the Rocky Mountain Ditch. The Board is of the opinion, and finds that the Rocky Mountain Water Company has practiced discrimination in that regard against the users located on the South Branch of the Rocky Mountain Ditch.

There was also testimony by the opponents that the Rocky Mountain Water Company did not deliver the water promptly and that the users had great difficulty in obtaining the water for which they had contracted and paid, and from all the evidence the Board so finds.

The applicant in this case, as appears from the case of Board of County Commissioners of Jefferson County, et al. vs. Rocky Mountain Water Company, 102 Colo. 351 through 365, 79 P. (2d) 373, decided by

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the Supreme Court on April 4, 1938, and the rehearing denied on May 31, 1938. at the time of and prior to the said case, had available for sale 7,600 inches of water with a gross return to the company at that time of approximately \$19,000.00. In said case the Court found that the physical property of the Rocky Mountain Water Company devoted to a public use, including its structures, excavations, tools and equipment, furniture and fixtures was \$72,735.52, and that the value of its ditch right of way was \$45,000.00, making a total of \$117,735.52 upon which a base rate should be made. Further, the Court found, in said case there were approximately 1,547 users of water.

The Board is aware of the company books showing the value of the ditch right of \$130,200.00 and the value of the physical properties at \$48,366.79, with an accumulated depreciation of \$163,052.09, leaving the value of the property devoted to public use at \$17,046.16.

The sworn statement of the applicant, and appearing from the Tax Commission report made by the applicant, shows the value of physical property of the applicant, as set by the applicant, at \$37,266.29, and the value of the ditch right \$130,200.00, or a total of \$167,466.29, with \$154,242.33 for depreciation, leaving a balance of \$13,223.96 as being the value of the property devoted to public use.

It appears from the evidence that the income to the applicant, as shown by the Supreme Court case above mentioned, was \$19,000.00, with expenses of \$10,585.00; and at the rate hearing in 1968 it appeared that the company's income was \$16,285.50, and expenses of \$27,600.83. It should be noted that although the amount of water allegedly available to consumers was 7,600 inches, that only 2,500 inches are being sold under contract to approximately 800-900 users, as compared to 1,547 in 1935-38 so that, although the rate in 1938 was \$3.50 per inch with income of \$19,000.00, the rate set by this Board in 1966 at \$6.50 per inch brought in the income of \$16,285.50.

It is apparent from the testimony that the applicant has made no appreciable effort to find contract users for the water and that, while the expenses are going up, the income is less because of non-sale of the water. It seems to this Board that the applicant should

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make a concerted effort to sell more water to consumers along the ditch since there was testimony before this Board that there were consumers who desired additional water and would use more water if the company would sell the same. It is the feeling of this Board that the applicant should not be rewarded for inattention to expanding the sales at the expense of the consumer and the applicant must make effort to increase its income by additional sales of water.

The Board finds that the applicant has failed to produce for the Board's consideration the original cost of the works and structure of such ditch, canal, conduit or reservoir, and considering the fact that the evidence shows that an easement had been obtained by the applicant to cross the properties, as shown by the exhibits in the file, at no cost, or a minimal cost to the applicant and, therefore, the Board sets the present value of the works and structure of such ditch, canal, conduit or reservoir at \$117,735.52, and that the applicant is entitled to an annual return of \$7,064.92 on the same.

The applicant further testified that the expenses of the applicant are as follows:

EXPENSES (1967):	
Salaries	\$ 5,400.00
Depreciation	5,181.44
Office service and expenses	3,159.82
Officer's salary	2,400.00
Legal and accounting	6,290.01
Ditch maintenance	1,849.89
Bad debts	403.00
Real estate taxes	777.98
Truck and tractor expense	489.00
Insurance	496.35
Interest	600.00
Payroll and other taxes	283.80
Telephone	130.44
Miscellaneous	139.10
Total	\$27,600.83

The Board, from all the evidence, determines that the reasonable and necessary operating expenses of the applicant are as follows:

Salary - Superintendent	\$ 5,400.00
Depreciation	2,000.00
Office service and expense	1,500.00
Legal and accounting	800.00
Officers salary	2,400.00
Ditch maintenance	1,850.00
Real estate taxes	778.00
Truck and tractor expense	490.00

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Insurance	\$	497.00
Payroll and other taxes		284.00
Telephone		131.00
Miscellaneous		140.00
Total operating expenses ...		\$16,270.00

and, accordingly, a just and reasonable maximum rate of compensation for water to be thereafter delivered from such ditch or other work for each inch of water is \$9.34 per annum, which will give the applicant a just and reasonable return on its investment and just and reasonable necessary operating expense to carry on the business.

The Board finds that the depreciation claimed by the applicant of \$5,181.44 is unrealistic in view of the fact that its own accountant testified that land does not depreciate. Further, that in truth and in fact, depreciation is not an expense of the company. It may well be for income tax purposes but not for expense purposes. But be that as it may, the Board has allowed the sum of \$2,000.00 in the matter of a depreciation expense with the thought in mind that the money would be put aside for replacement of equipment and vehicles as may be necessary.

The Board has reduced from \$3,159.82 to \$1,500.00 the office service and expense for the reason that the other companies owned or operated by Mr. Wolff are not bearing their proportionate share of the expense of operation, and it appears the Rocky Mountain Water Company is bearing a disproportionate amount of the expenses, as appears from the evidence; therefore, the sum of \$1,500.00 is considered by this Board as reasonable expense. The legal and accounting expense of \$6,290.01 is not a continuing expense of the company. It may be an expense for one year, but should not be considered as being an operating expense for each year. The Board finds that \$800.00 is a reasonable amount for legal and accounting, based over a period of years, as the amount shown in the 1967 statement of the company is not a true reflection of an annual charge but merely an unusual situation which has arisen, necessitating the expense. It is also noted that part of the 1967 charge is for litigation between agents of the President of the company in his individual capacity in the sale of stock in the Rocky Mountain Water Company, and not all of the attorneys'

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fees, as shown on the applicant's report, are rightfully chargeable to Rocky Mountain Water Company but should be borne by Mr. Wolff personally. The Board has disallowed bad debts and interest for the reason that bad debts are not a charge but merely lower the revenue. For example, the revenue would be increased if the bad debts were paid. Without having it in the revenue as a receipt, it should not be shown in the expenses as a bad debt. On a cash basis revenue is not shown until received. On an accrual basis it would be otherwise.

The Board takes cognizance of the fact that Mr. Wolff first started drawing a salary of \$2,400.00 per year in the years of 1966 and 1967, after the 1966 Rate Hearing and Rate increase given the Rocky Mountain Water Company to \$6.50 per inch per annum, thus additionally increasing the alleged expenditures of the applicant over previous years' expenses.

The Board at this time calls to the attention of all the parties that the applicant can have a substantial return and a substantial increase in its receipts if some reasonable efforts would be made to sell the water available to it to consumers who are desirous of obtaining the same.

The rate of \$37.72 requested by the applicant is, and would be unreasonable and oppressive, and obviously unrealistic, and the Board finds that it would be exorbitant.

THEREFORE, it is the Order, Judgment and Decree of the Board of County Commissioners of the County of Jefferson, Colorado:

1. That these proceedings have been held in accordance with the statutory requirements.
2. That the Rocky Mountain Water Company has sustained its burden of presenting evidence justifying an increase in rates, but it appears to this Board that the increase requested is excessive.
3. That the description of the Rocky Mountain Ditch is as follows:

An irrigation canal having its headgate on the south bank of Clear Creek in Section 27, Township 3 South, Range 70 West in Jefferson County, Colorado, and running thence in an Easterly direction to Section 27, Township 3 South, Range 69 West, in Jefferson

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County, Colorado, where it divides, one branch there-
of continuing in an Easterly direction and the other
branch in a Southerly and Southeasterly direction.
The total length of said ditch, including the two
branches, is approximately 23 miles.

4. That a just and reasonable maximum rate of compensation for
water to be hereafter delivered from such ditch or other work in the
County of Jefferson, State of Colorado, be and the same hereby is set
at \$9.34 per inch per annum, effective immediately.

5. That such rate shall not be changed within two (2) years
from this date, unless upon good cause shown.

6. That the applicant shall operate under this rate for a period
of two (2) years and, should said rate be found to be inadequate, a
new application for rate increase should again be submitted. This
Board again suggests that in future water rate proceedings, legal no-
tice of the public hearings should be published in a local newspaper
in addition to the posting as required by the statutes. Such legal
notice should be published prior to the date of the public hearing.

DATED at Golden, Colorado, this 8th day of July,
1968.

BOARD OF COUNTY COMMISSIONERS OF THE
COUNTY OF JEFFERSON, COLORADO

By: Jack L. Trezise
Jack L. Trezise, Chairman

Joe B. Lewis
Joe B. Lewis, Commissioner

Chester L. Hoskinson
Chester L. Hoskinson, Commissioner

ATTEST:
James P. McKeown
James P. McKeown
County Clerk and Recorder

APPENDIX 3
The Rocky Mountain Water Company

P. O. Box 507
Golden, Colo. 80402
Phone 277-5596

March 18, 1987

RECEIVED
MAR 20 1987
Corporate Real Estate

Dear Customer:

As you are all aware, costs of doing business have escalated dramatically over the past couple of decades. Rocky Mountain Water Company has operated with its existing carriage charge, \$9.34 per inch, since 1969. Costs of operation have increased substantially over that period. Operating costs, primarily for labor and equipment, have increased because of eighteen years of inflation. In addition, new areas have urbanized along the ditch, making it more difficult and costly to operate.

Costs of operation have increased enough that the Company just barely broke even two years ago. Last year the ditch would have operated at a loss, except for an extraordinary payment by a developer making changes to the ditch.

The Water Company has a duty to its customers to maintain the ditch in good condition and to operate it to deliver the water available. It has an obligation to set rates at the level needed to provide proper operation and maintenance.

After carefully considering these facts, the Board of Directors of the Company has decided to institute an increase in the carriage charge to provide adequate revenues. The change is effective for the 1987 season, and the new rate is \$15.00 per inch.

While the \$15.00 charge represents an increase of 60% since the 1969 rates were set, that is an average of only 2.7% annually. Increased water sales, coupled with better operating efficiencies, have enabled us to hold the increase to that modest level.

For comparative purposes, the Cost of Living Index during that period rose by more than 200%. Also for purposes of comparison, we would like to note the following assessments currently in effect for similar Clear Creek ditches: Church Ditch - \$20.00 per inch (up 296% since 1969); Agricultural Ditch - \$35.00 per inch (up 583% during that time); Farmers' High Line Canal - \$18.50 per inch (up 685%).

These figures clearly show that Rocky Mountain water is still a bargain. The new rate is based on the cost of operating and maintaining the ditch in good condition, plus a fair return to the shareholders on their investment in the ditch facilities. It is a reasonable rate which provides sufficient revenues for the Board of Directors to meet its obligations under the law.

The Rocky Mountain Water Company

P. O. Box 507
Golden, Colo. 80402
Phone 277-5596

March 18, 1987

Dear Customer:

Many Rocky Mountain customers use laterals, or branches off the main ditch, to carry water to their property. We are frequently asked by land owners and lateral users who is responsible for maintaining the lateral ditches.

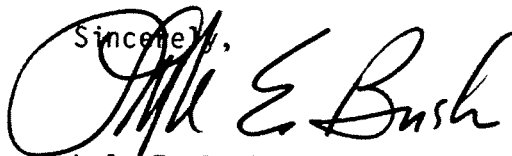
Colorado law clarifies this point. It states that "The owners of any ditch for irrigation or other purposes shall carefully maintain the embankments thereof so that the waters of such ditch may not flood or damage the premises of others, and shall make a tail ditch so as to return the water in such ditch with as little waste as possible into the stream from which it was taken."
(CRS-37-84-104)

To explain further, Rocky Mountain Water Company is responsible for operating and maintaining the main ditch -- from the ditch headgate on Clear Creek to the point of withdrawal by a user (the lateral headgate in the case of those using laterals). Maintenance and operation beyond the lateral headgate are the responsibility of those who own and use the lateral.

The owner of property through which a lateral passes is not responsible for lateral maintenance unless he has enclosed the lateral in pipe. However, there is normally a small right-of-way for the lateral which provides users with access to perform needed maintenance. Our experience has shown that a personal visit to explain what you are doing on their property will often smooth the maintenance program.

We hope this explanation will assist you in operating your lateral ditch.

Sincerely,



Lyle E. Bush
General Manager

APPENDIX 4

Rocky Mountain Water Company
Assessments (1968 thru 2012)

<u>Year</u>	<u>Assessment (per inch)</u>	<u>Increase</u>	<u>CPI-U</u>	<u>CPI Increase</u>	<u>Assessment w/CPI</u>
1968	\$9.34		34.1		
1969	\$9.34		35.6	4.40%	\$9.75
1970	\$9.34		37.8	6.18%	\$10.35
1971	\$9.34		39.8	5.29%	\$10.90
1972	\$9.34		41.1	3.27%	\$11.26
1973	\$9.34		42.6	3.65%	\$11.67
1974	\$9.34		46.6	9.39%	\$12.76
1975	\$9.34		52.1	11.80%	\$14.27
1976	\$9.34		55.6	6.72%	\$15.23
1977	\$9.34		58.5	5.22%	\$16.02
1978	\$9.34		62.5	6.84%	\$17.12
1979	\$9.34		68.3	9.28%	\$18.71
1980	\$9.34		77.8	13.91%	\$21.31
1981	\$9.34		87	11.83%	\$23.83
1982	\$9.34		94.3	8.39%	\$25.83
1983	\$9.34		97.8	3.71%	\$26.79
1984	\$9.34		101.9	4.19%	\$27.91
1985	\$9.34		105.5	3.53%	\$28.90
1986	\$9.34		109.6	3.89%	\$30.02
1987	\$15.00	60.60%	111.2	1.46%	\$30.46
1988	\$15.00	0.00%	115.7	4.05%	\$31.69
1989	\$15.00	0.00%	121.1	4.67%	\$33.17
1990	\$15.50	3.33%	127.4	5.20%	\$34.89
1991	\$16.00	3.23%	134.6	5.65%	\$36.87
1992	\$16.50	3.13%	138.1	2.60%	\$37.83
1993	\$17.30	4.85%	142.6	3.26%	\$39.06
1994	\$17.80	2.89%	146.2	2.52%	\$40.04
1995	\$18.50	3.93%	150.3	2.80%	\$41.17
1996	\$18.85	1.89%	154.4	2.73%	\$42.29
1997	\$19.35	2.65%	159.1	3.04%	\$43.58
1998	\$19.80	2.33%	161.6	1.57%	\$44.26
1999	\$20.30	2.53%	164.3	1.67%	\$45.00
2000	\$20.70	1.97%	168.8	2.74%	\$46.23
2001	\$20.70	0.00%	175.1	3.73%	\$47.96
2002	\$21.30	2.90%	177.1	1.14%	\$48.51
2003	\$21.30	0.00%	181.7	2.60%	\$49.77
2004	\$21.94	3.00%	185.2	1.93%	\$50.73
2005	\$22.60	3.01%	190.7	2.97%	\$52.23
2006	\$23.28	3.01%	198.3	3.99%	\$54.31
2007	\$24.21	3.99%	202.42	2.08%	\$55.44
2008	\$25.66	5.99%	211.08	4.28%	\$57.81
2009	\$25.66	0.00%	211.14	0.03%	\$57.83

APPENDIX 4

2010	\$25.66	0.00%	216.69	2.63%	\$59.35
2011	\$25.66	0.00%	220.22	1.63%	\$60.32
2012	\$25.66	0.00%	226.67	2.93%	\$62.08

Appendix 5

Affidavit of Neal Santangelo, Secretary and Field Operations Manager of the Rocky Mountain Water Company

I, Neal Santangelo, being of lawful age, hereby swear and affirm that the following is true and correct to the best of my knowledge and belief:

- a. I am the Secretary and Field Operations Manager of the Rocky Mountain Water Company, and have been since 2008. The Company operates and maintains the Rocky Mountain Ditch.
- b. As Secretary and Field Operations Manager, I am responsible for overseeing the maintenance and operation of the Rocky Mountain Ditch, which is more particularly described to in the Application to which this Affidavit is attached (the "Application").
- c. The Rocky Mountain Ditch is approximately 19 miles in length and there are approximately 55 headgates along its course, through which approximately 361 users obtain water.
- d. The Rocky Mountain Ditch serves as a major water source for Coors Brewing Company, Denver Parks & Recreation Department (supplying water to Sloan's Lake, Lake Rhoda, Rocky Mountain Lake, and Lake Berkeley), the Consolidated Mutual Water Company, the City of Lakewood, and several smaller water users.
- e. The Rocky Mountain Ditch has been awarded five decreed priorities for diversion of water from Clear Creek totaling 190 cubic feet of water per second, as more particularly described in the Application.
- f. Approximately 7,092 inches of water are diverted, carried, and delivered through the Rocky Mountain Ditch. A full supply of water is measured at the rate of 40 inches for each cubic foot of water per second. The Rocky Mountain Ditch, in accordance with contracts with Coors Brewing Company ("CBC"), also carries other water rights owned and operated by CBC.
- g. On July 8, 1968, the Board of County Commissioners established a reasonable maximum rate of compensation for delivery of water from the Rocky Mountain Ditch in the amount of \$9.34 per inch per annum.
- h. In March of 1987, the Applicant's Board of Directors increased the assessment rate to \$15.00 per inch per annum after holding a meeting for all customers and issuing a subsequent letter to the customers explaining the need for "adequate revenues" in order to "maintain the ditch in good condition and to operate it to deliver water available". See letter dated March 18, 1987, attached to Application as Appendix 2.
- i. Beginning in 1990, and continuing until 2008, the Applicant began increasing the assessment rate nominally to address the rate of inflation, as shown in the table attached

hereto at Exhibit A. However, Applicant's delivery charge has remained unchanged since 2008.

- j. From the time CBC's acquisition of Applicant in 1970 until 2008, CBC supplied the Applicant with facilities, vehicle maintenance and fuel. Consequently, revenues from delivery charges to CBC and contracts with CBC were sufficient, together with assessment revenues, to provide funding for maintenance and operations for the Rocky Mountain Ditch during that time.
- k. In July of 2008, the maintenance facilities were transferred from CBC to MillerCoors LLC. Applicant was then required to obtain leases for replacement facilities, and also to pay for vehicle maintenance and fuel. However, CBC has continued and will continue to provide for Applicant's capital expenditures, legal, and engineering costs.
- l. Beginning in 2008, Applicant's management has taken a diligent approach in re-establishing equipment access along the ditch to allow for optimization of ditch operation and maintenance ("O&M") benefiting all users along the Rocky Mountain Ditch. This new approach has resulted in increased O&M expenses to the Applicant.
- m. The current delivery charge of \$25.66 per inch covers less than one-half of the Rocky Mountain Ditch's O&M costs. Continuation of the current rates would be unjust to Applicant and its owner. In order for the Applicant to break even and cover O&M costs for the present and near future, a permanent rate increase of \$30.34 per inch for the delivery of water is required. (CBC will bear 72% of this increase based on its share of delivery rights.)
- n. I anticipate that O&M costs will continue to rise annually in a percentage amount similar to the Denver-Boulder consumer price index.
- o. Applicant and CBC do not seek any return on their investment at this time, only an increase to the extent necessary to recover actual O&M costs, adjusted annually for future inflation.
- p. The annual cost of operating and maintaining the Rocky Mountain Ditch has increased each year since 2007, despite every economy instituted to reduce the cost; and that the present delivery charge is insufficient to properly operate and maintain the Rocky Mountain Ditch.

Further Affiant Sayeth Not. *Original signature on file*

/s/ Neal Santangelo

Neal Santangelo

Subscribed and sworn to before me this 11th day of December, 2013.

Original signature on file

Witness my hand and official seal. /s/ Janiece A. Gurule

Notary Public

My Commission Expires: September 15, 2014

EXHIBIT A to Affidavit of Neal Santangelo

Rocky Mountain Water Company
Assessments (1968 thru 2012)

<u>Year</u>	<u>Assessment (per inch)</u>	<u>Increase</u>	<u>CPI-U</u>	<u>CPI Increase</u>	<u>Assessment w/CPI</u>
1968	\$9.34		34.1		
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1973	\$9.34		42.6	3.65%	\$11.67
1974	\$9.34		46.6	9.39%	\$12.76
1975	\$9.34		52.1	11.80%	\$14.27
1976	\$9.34		55.6	6.72%	\$15.23
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1980	\$9.34		77.8	13.91%	\$21.31
1981	\$9.34		87	11.83%	\$23.83
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1991	\$16.00	3.23%	134.6	5.65%	\$36.87
1992	\$16.50	3.13%	138.1	2.60%	\$37.83
1993	\$17.30	4.85%	142.6	3.26%	\$39.06
1994	\$17.80	2.89%	146.2	2.52%	\$40.04
1995	\$18.50	3.93%	150.3	2.80%	\$41.17
1996	\$18.85	1.89%	154.4	2.73%	\$42.29
1997	\$19.35	2.65%	159.1	3.04%	\$43.58
1998	\$19.80	2.33%	161.6	1.57%	\$44.26
1999	\$20.30	2.53%	164.3	1.67%	\$45.00
2000	\$20.70	1.97%	168.8	2.74%	\$46.23
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2003	\$21.30	0.00%	181.7	2.60%	\$49.77
2004	\$21.94	3.00%	185.2	1.93%	\$50.73
2005	\$22.60	3.01%	190.7	2.97%	\$52.23
2006	\$23.28	3.01%	198.3	3.99%	\$54.31
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2008	\$25.66	5.99%	211.08	4.28%	\$57.81
2009	\$25.66	0.00%	211.14	0.03%	\$57.83

EXHIBIT A to Affidavit of Neal Santangelo

2010	\$25.66	0.00%	216.69	2.63%	\$59.35
2011	\$25.66	0.00%	220.22	1.63%	\$60.32
2012	\$25.66	0.00%	226.67	2.93%	\$62.08
2013	\$25.66	0.00%	230.28	1.59%	\$63.07

Appendix 6

Affidavit of James “Wade” Isham, Superintendent of Rocky Mountain Water Company

I, James “Wade” Isham, being of lawful age, hereby swear and affirm that the following is true and correct to the best of my knowledge and belief:

- a. I am the Ditch Superintendent, Rocky Mountain Water Company (“RMWC”), and have been employed by the RMWC since 1975, and have continuously served as RMWC’s Superintendent since 1987. The RMWC is a Colorado carrier ditch company that transports water from Clear Creek to end users through structures owned by the RMWC.
- b. The Rocky Mountain Ditch is approximately 19 miles in length and there are approximately 55 headgates along its course through which approximately 361 users obtain water.
- c. Structures maintained on the ditch system include the 19 miles of ditch right-of-way, the main headgate at Clear Creek, three large flumes, and numerous turnout structures, spillways, check dams, trash racks and lateral headgates.
- d. The RMWC has incurred significant maintenance costs associated with emergency repairs to remove debris, to reopen maintenance easements, to remove accumulations, and to enforce the statutory rights of the RMWC to access its maintenance easements, and to mitigate the water quality degradation caused by ever-increasing residential development along most of the ditch.
- e. It has been the longstanding practice of the RMWC to perform regular and seasonal maintenance on the Rocky Mountain Ditch in addition to the daily operations of making water deliveries to the various users on the ditch. During regular inspections of the entire length of ditch, RMWC personnel perform general maintenance activities to ensure that no trash, vegetation, or any other debris obstructs the ditch, and that there is no damage in the ditch embankments. Trash racks at approximately 100 locations or more are also monitored and cleaned every week. In the spring and fall when the RMWC is not making water deliveries, heavy equipment is utilized to reshape ditch embankments and remove trees to allow access and efficient water deliveries for the subsequent delivery season.

Further Affiant Sayeth Not.

Original signature on file

/s/ James “Wade” Isham

James “Wade” Isham

Subscribed and sworn to before me this 11th day of December, 2013.

Witness my hand and official seal.

Original signature on file

/s/ Janiece A. Gurule

Notary Public

My Commission Expires: September 15, 2014

Appendix 7

Affidavit of Janiece Gurule, Assistant General Manager of the Rocky Mountain Water Company

I, Janiece Gurule, being of lawful age, hereby swear and affirm that the following is true and correct to the best of my knowledge and belief:

- a. I am the Assistant General Manager of the Rocky Mountain Water Company (“Applicant” or Rocky Mountain Ditch”), and have been since 2002.
- b. As Assistant General Manager, I am in charge of the accounting books and records of the Rocky Mountain Water Company, which is more particularly referred to in the Application to which this affidavit is attached. The Rocky Mountain Water Company operates and maintains the “Rocky Mountain Ditch”.
- c. On July 8, 1968, the Board of County Commissioners approved a Findings and Decision that established a reasonable maximum rate for delivery of water from the Rocky Mountain Ditch at the sum of \$9.34 per inch per annum.
- d. In March 1987, the Applicant’s Board of Directors increased the assessment rate to \$15.00 per inch per annum after holding a meeting for all customers and issuing a subsequent letter to the customers explaining the need for “adequate revenues” in order to “maintain the ditch in good condition and to operate it to deliver water available.”
- e. Beginning in 1990, and continuing until 2008, the Applicant began increasing the assessment rate nominally to address the rate of inflation, however, Applicant’s delivery charge has remained unchanged since 2008. For the last 8 years the Applicant has collected carriage charges, and paid O&M expenses, as follows:

Year	Carriages Charges and other Fees Collected	O&M expenses	Net Operating Revenue
2005	\$262,592	\$285,167	(\$22,575)
2006	295,963	313,734	(17,771)
2007	273,645	274,015	(370)
2008	318,663	338,208	(19,545)
2009	341,685	357,806	(16,121)
2010	383,307	463,269	(79,961)
2011	288,826	441,776	(152,950)
2012	289,031	425,493	(136,462)

- f. Taking into consideration the Rocky Mountain Ditch’s repair plan and the Applicant’s projected balances (based upon the current carriage rate), the current rate is not sufficient to pay the cost and expense of maintenance and operation of the Rocky Mountain Ditch.

- g. The current rate is not sufficient to cover the costs of maintaining current ditch operations, providing long term upgrades, and providing for any emergency situations which may affect the Rocky Mountain Ditch.

Further Affiant Sayeth Not.

Original signature on file

/s/ Janiece A. Gurule
Janiece Gurule

Subscribed and sworn to before me this 11th day of December, 2013.

Witness my hand and official seal.

Original signature on file

/s/ Leduina A. Armijo

Notary Public

My Commission Expires: September 5, 2016

State of Colorado

County of Jefferson

THE ROCKY MOUNTAIN DITCH

Income Statements

	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	(\$25.66/inch) 2013 Actual	(\$48.00/inch) 2014 Proj.	(\$49.50/inch) 2015 Proj.
<i>Revenues</i>											
ASSESSMENTS-REGULAR	\$ 44,838	45,977	48,033	50,550	50,216	51,025	51,472	50,731	50,576	95,232	98,208
ASSESSMENTS-CBC	115,441	118,914	123,665	131,071	131,071	131,071	131,071	131,251	131,354	245,184	252,846
INTEREST INCOME	11,289	15,357	6,828	14,731	21,720	54,661	0	0	0	0	0
INC OUTSIDE SVCS-CBC	55,438	79,723	67,469	72,496	76,197	71,190	74,374	72,739	65,534	72,000	74,160
INC OUTSIDE SVCS-WDC	26,972	24,205	23,109	42,300	50,184	41,216	30,847	33,790	51,317	41,000	42,230
INC OUTSIDE SVCS-OTHER	5,729	4,420	0	3,854	8,996	0	0	0	0	0	0
INC MISCELLANEOUS	2,885	7,367	4,541	3,661	3,301	34,144	1,062	520	2,306	2,000	2,060
											0
Total Revenue	262,592	295,963	273,645	318,663	341,685	383,307	288,826	289,031	301,087	455,416	469,504
<i>Expenses</i>											
SALARIES/WAGES & BENEFITS	228,272	261,084	227,394	279,652	261,035	281,726	276,900	265,496	264,748	286,223	294,810
SUPPLIES	6,047	6,169	6,119	8,034	14,381	12,069	8,075	9,891	11,601	12,000	12,360
GENERAL EXPENSE	3,262	2,370	1,756	1,855	14,902	8,494	14,053	15,299	10,233	1,000	10,300
ADMINISTRATIVE EXPENSE	1,818	2,862	1,903	2,936	1,551	0	0	0	0	0	0
MEMBERSHIPS/TRAVEL	759	2,234	710	299	651	820	2,546	3,487	5,348	2,310	2,379
LEGAL/ENGINEERING	0	0	0	6,024	0	0	0	0	0	0	0
AUDIT & ACCOUNTING	0	0	0	0	0	0	0	0	0	0	0
FACILITIES LEASE	5,448	5,590	2,265	737	6,080	44,600	44,600	43,300	46,050	46,200	47,586
FACILITIES MAINT.	0	275	938	184	4,835	1,284	0	4,105	0	1,900	1,957
UTILITIES EXP - WATER	894	933	465	512	1,579	315	320	300	313	300	309
PROPERTY TAXES	1,444	1,514	1,514	1,465	1,468	1,409	752	0	1,533	1,500	1,545
DWELLING INSURANCE	0	0	0	0	0	986	0	992	995	1,000	1,030
AUTO LIAB. INSURANCE	2,752	0	0	0	0	0	0	0	0	0	0
VEHICLE FUEL/MAINT.	6,129	3,396	864	1,549	17,617	19,543	20,854	21,309	15,796	18,000	18,540
OUTSIDE PROF. SERVICES	5,017	3,032	2,316	7,883	15,058	17,169	21,902	25,786	19,449	29,000	29,870
OTHER EXP-LOSS ON DISPOSITION	0	0	0	0	0	28,914	0	0	0	0	0
FED INC TAX CURRENT	0	0	0	0	0	0	0	0	0	0	0
STATE INC TAX CURRENT	0	0	0	0	0	0	0	0	0	0	0
FED INC TAX DEFFERRED	0	0	0	0	0	0	0	0	0	0	0
STATE INC TAX DEFFERRED	0	0	0	0	0	0	0	0	0	0	0
DEPR EXPENSE	23,325	24,275	27,771	27,078	18,649	45,940	51,774	49,298	50,636	55,256	56,914
Total Expenses	285,167	313,734	274,015	338,208	357,806	463,269	441,776	425,493	417,492	454,689	468,330
Earnings Before Income Taxes	(22,575)	(17,771)	(370)	(19,545)	(16,121)	(79,961)	(152,950)	(136,462)	(116,405)	727	1,174
Provision for Income Taxes											
Net Income	(22,575)	(17,771)	(370)	(19,545)	(16,121)	(79,961)	(152,950)	(136,462)	(116,405)	727	1,174

Rocky Mountain Water Company Water Carriage Rate Increase Request

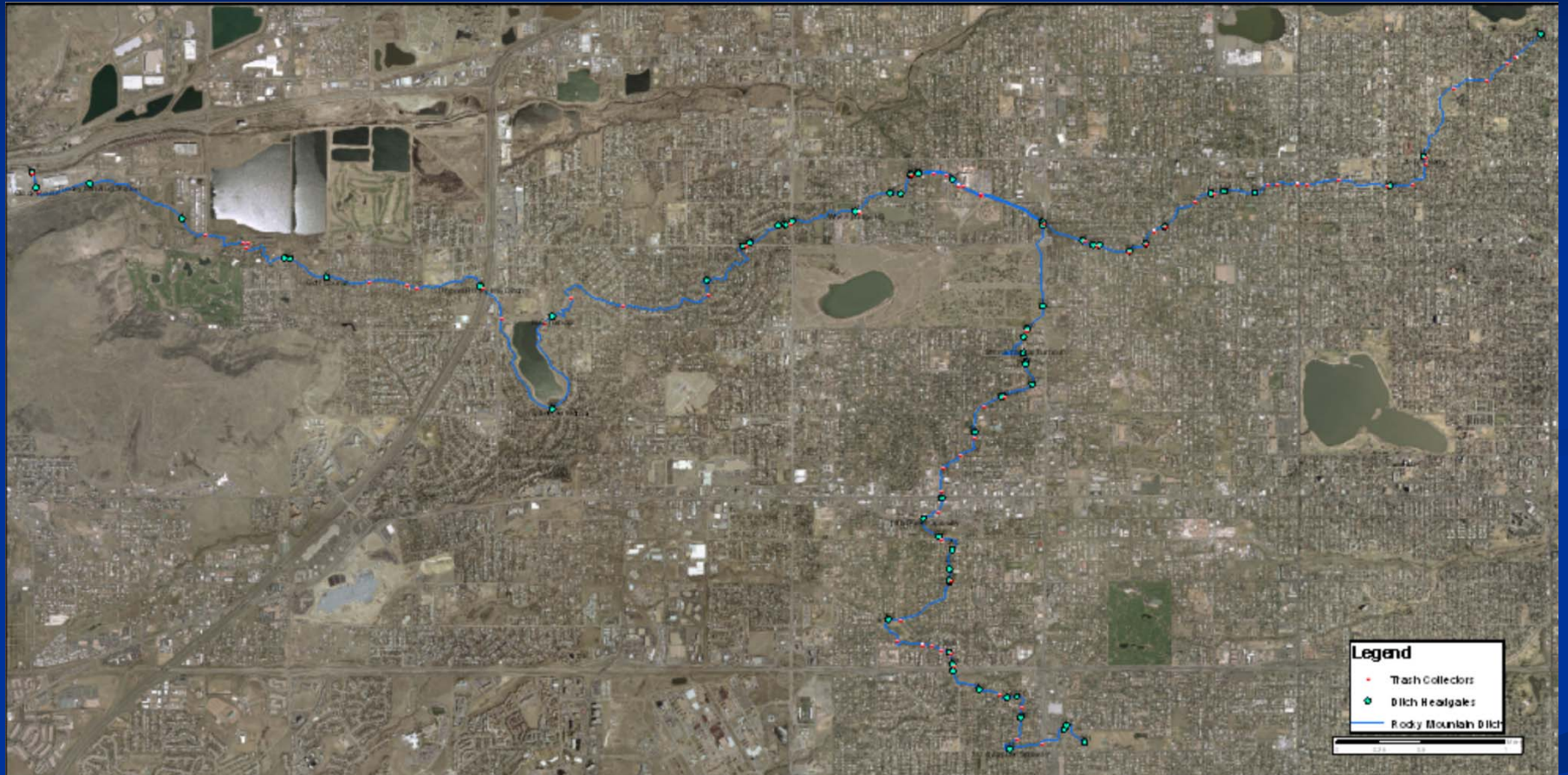


- 🔹 **Rocky Mountain Water Co. “RMWC” (Inc. 1882)**
- 🔹 Carrier Ditch Company
- 🔹 Approx. 360 Users
- 🔹 Wholly owned subsidiary of Coors Brewing Company “CBC” (acquired in 1969)
- 🔹 *19 mile long earthen ditch*
- 🔹 *CBC owns contract lease right of 72% of water carried*
- 🔹 *Other large users include Denver Parks, CMWCo & City of Lakewood*
- 🔹 *Two full-time employees and three seasonal part-time employees*

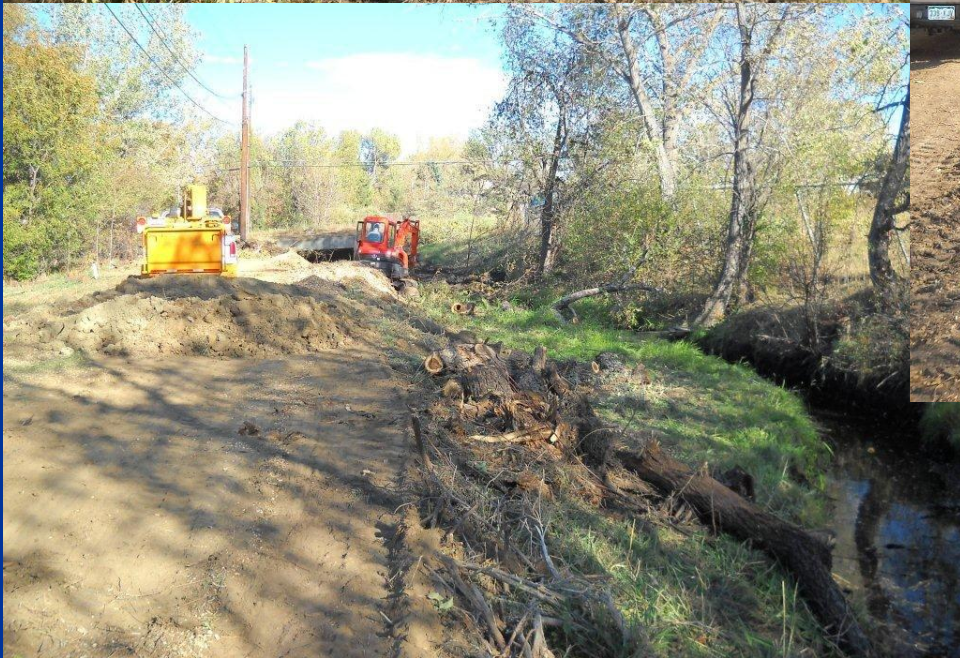
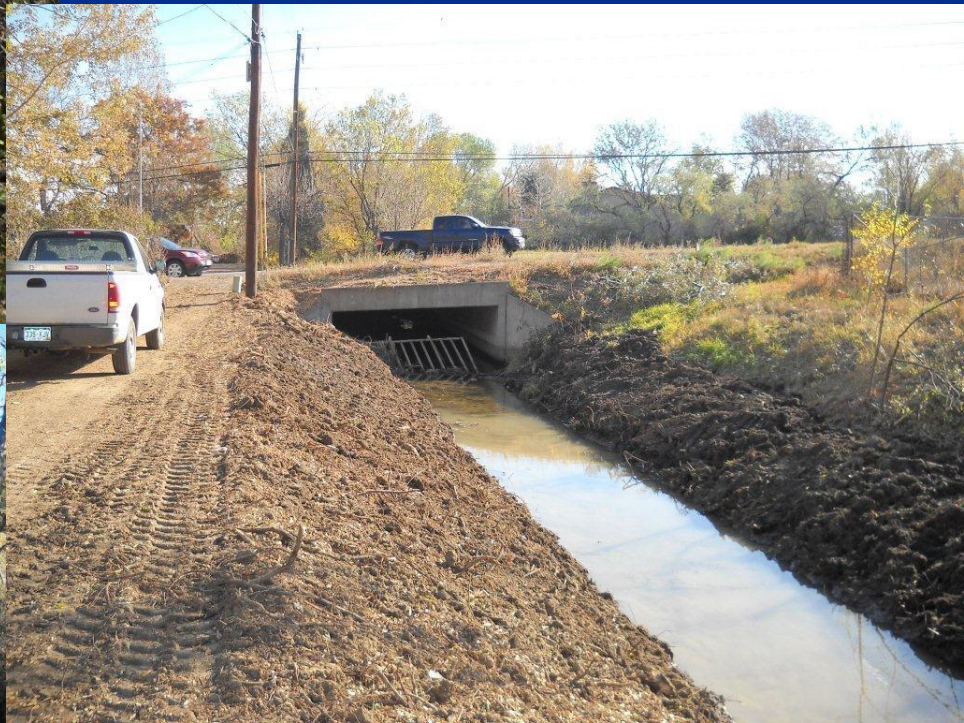
Rocky Mountain Ditch “RMD” Headworks @ Clear Creek



RMD Vicinity Map (Appendix 1)



***RMD Rehabilitation Project
(33rd & Kipling Street)***



RMD Rehabilitation Project (26th & Oak Street)



💧 *Water Carriage Rate Background*

- 💧 1968 – last time rate was set @ \$9.34
- 💧 Rate remained unchanged until 1987
- 💧 1987 – Rate increased to \$15.00 after meeting with users
- 💧 *Nominal increases occurred until 2008 to address rate of inflation*
- 💧 *Rate has remained unchanged since 2008 in anticipation of this rate increase request*

Excerpt from Appendix 4

Rocky Mountain Water Company					
Assessments (1968 thru 2012)					
	Assessment			CPI	Assessment
<u>Year</u>	<u>(per inch)</u>	<u>Increase</u>	<u>CPI-U</u>	<u>Increase</u>	<u>w/CPI</u>
1968	\$9.34		34.1		
.....
1987	\$15.00	60.60%	111.2	1.46%	\$30.46
1988	\$15.00	0.00%	115.7	4.05%	\$31.69
1989	\$15.00	0.00%	121.1	4.67%	\$33.17
1990	\$15.50	3.33%	127.4	5.20%	\$34.89
1991	\$16.00	3.23%	134.6	5.65%	\$36.87
1992	\$16.50	3.13%	138.1	2.60%	\$37.83
1993	\$17.30	4.85%	142.6	3.26%	\$39.06
1994	\$17.80	2.89%	146.2	2.52%	\$40.04
1995	\$18.50	3.93%	150.3	2.80%	\$41.17
1996	\$18.85	1.89%	154.4	2.73%	\$42.29
1997	\$19.35	2.65%	159.1	3.04%	\$43.58
1998	\$19.80	2.33%	161.6	1.57%	\$44.26
1999	\$20.30	2.53%	164.3	1.67%	\$45.00
2000	\$20.70	1.97%	168.8	2.74%	\$46.23
2001	\$20.70	0.00%	175.1	3.73%	\$47.96
2002	\$21.30	2.90%	177.1	1.14%	\$48.51
2003	\$21.30	0.00%	181.7	2.60%	\$49.77
2004	\$21.94	3.00%	185.2	1.93%	\$50.73
2005	\$22.60	3.01%	190.7	2.97%	\$52.23
2006	\$23.28	3.01%	198.3	3.99%	\$54.31
2007	\$24.21	3.99%	202.42	2.08%	\$55.44
2008	\$25.66	5.99%	211.08	4.28%	\$57.81
2009	\$25.66	0.00%	211.14	0.03%	\$57.83
2010	\$25.66	0.00%	216.69	2.63%	\$59.35
2011	\$25.66	0.00%	220.22	1.63%	\$60.32
2012	\$25.66	0.00%	226.67	2.93%	\$62.08
2013	\$25.66	0.00%	230.28	1.59%	\$63.07

💧 Water Carriage Rate Increase Request

- 💧 CBC provided facilities, vehicle fuel & maintenance to RMWC until 2008
- 💧 In July 2008, facilities were transferred to MillerCoors requiring CBC to acquire facility leases and assume vehicle fuel and maintenance costs for RMWC
- 💧 *RMWC has been diligent about re-establishing vehicle access along the ditch resulting in increased tree removal expenses*
- 💧 CBC will continue to provide 100% of all capital, legal, accounting and engineering expenses
- 💧 *Current rate of \$25.66 is less than 1/2 of what is needed to cover current O&M*
- 💧 *CBC requesting increase of \$30.34 with a yearly CPI increase to cover O&M (no “reasonable rate of return” requested at this time)*

Excerpt from Appendix 7

Year	Carriages Charges and other Fees Collected	O&M expenses	Net Operating Revenue
2005	\$262,592	\$285,167	(\$22,575)
2006	295,963	313,734	(17,771)
2007	273,645	274,015	(370)
2008	318,663	338,208	(19,545)
2009	341,685	357,806	(16,121)
2010	383,307	463,269	(79,961)
2011	288,826	441,776	(152,950)
2012	289,031	425,493	(136,462)

NOTICE

C.R.S. §37-85-105 (2) Statutory Notice Required for Rate Increase Hearing

For Owner of Ditch:

- Notice given by posting printed copies in public places along approximately every mile of the ditch.

IN ADDITION, Rocky Mountain Water Company:

- Provided actual notice via U.S. Mail to all known inch holders, with a link to the Rate Increase Package

PUBLIC HEARING

Pursuant to Resolution CC14-015, this is a Notice of Public Hearing to be held by the Board of County Commissioners of Jefferson County, in Hearing Room One, in the Administration and Courts Facility, located at 100 Jefferson County Pkwy, Golden, CO, 80419,

on the 4th day of February, 2014 at 8:00 A.M. to consider a Request by the Rocky Mountain Water Company:

TO ESTABLISH THE REASONABLE MAXIMUM RATE OF COMPENSATION FOR WATER DELIVERED THROUGH THE ROCKY MOUNTAIN DITCH.

A Full Copy of the Rate Request is Available at www.bfwlaw.com
(<http://www.bfwlaw.com/bfwpages/ResourceMisc/RockyMountainDitch.pdf>)

EXHIBIT A

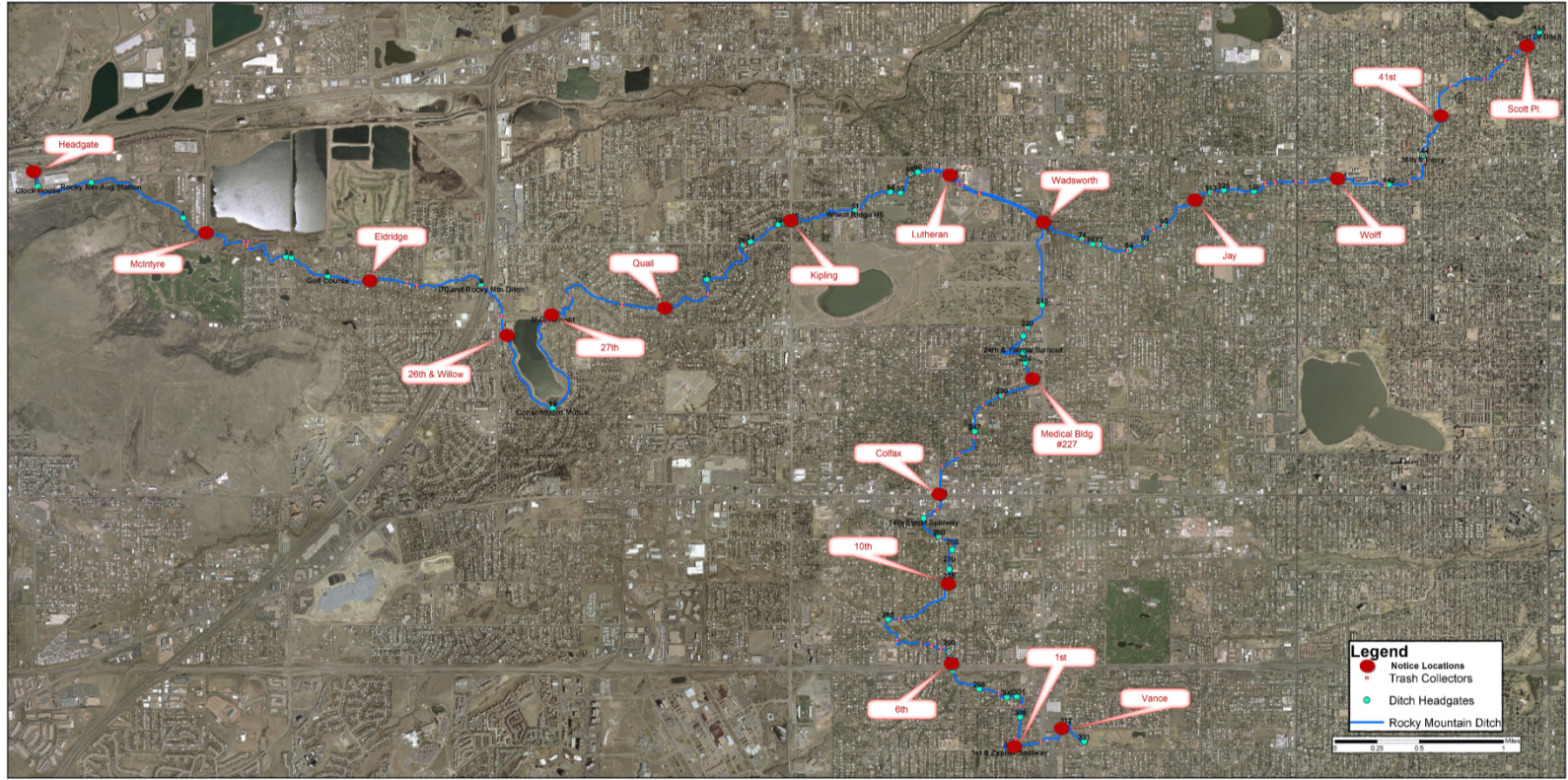


EXHIBIT C



PUBLIC HEARING

Pursuant to Resolution CC14-015, this is a Notice of Public Hearing to be held by the Board of County Commissioners of Jefferson County, in Hearing Room One, in the Administration and Courts Facility, located at 100 Jefferson County Pkwy, Golden, CO, 80419, on the 4th day of February, 2014 at 8:00 A.M. to consider a Request by the Rocky Mountain Water Company:

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(<http://www.bfwlaw.com/wp/wp-content/uploads/2014/02/ResourceRequest/RockyMountainDitch.pdf>)