

# *ICR Water Users Association*



January 27, 2009

## Asset Transfer Committee Report

The Asset transfer committee met on 1/22/2009 to resolve the issues of infrastructure transfers and timing for WC and TRR.

### Questions for Resolution:

- What should be the balance of Advances in Aid of Construction (AIAC) vs. Contributions in Aid of Construction (CIAC) for ICRWUA assets?
- When should Infrastructure (assets) be placed on ICRWUA books?
- When should the pending transfers be completed?

### Recommendations:

Infrastructure should be placed on company books when it is placed in service and the company has a beneficial interest.

- a) This is an accounting issue and is separate from questions of acceptance or ownership.

Date of Placement should be date of final contractor invoice<sup>1</sup>

- a) It is documented
- b) It is consistent
- c) It is reasonable

ICRWUA should maintain no more than 50% of total plant as CIAC

- a) This would result in transferring \$3,640,496 of Talking Rock infrastructure as CIAC under the Water Service Agreement. (See attached Summary) These assets should be booked as AIAC as of 12/31/08 and reclassified when/if the Rate Case order adopts the ACC Staff recommendations.
- b) Note that the committee has segregated some assets (those with shorter expected operating lives) as AIAC so that they can be depreciated at a faster rate in accordance with approved in ACC guidelines.

The above recommendations will result in total assets of \$11.6 million dollars as of 12/31/2008 or approximately 52.4% AIAC and 46.9% CIAC and 0.7% purchased by ICRWUA (see attached Summary).

The Committee recommends that the Board adopt the foregoing recommendations and that all transfers be completed within the next 30 days.

Respectfully submitted,

Bob Busch    Hugh Pryor    Bill Meyer

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<sup>1</sup> For Talking Rock, Date of Placement should be date of final contractor invoice OR 1/15/02, whichever is later. Well #1 date of placement will be date of transfer (bill of sale)

ICRWUA Asset transfer Plan

January 27, 2009

STATUS OF CONVEYANCE OF TALKING ROCK WATER FACILITIES TO ICRWUA AS OF 8-22-08			
<u>WATER FACILITIES - BILLS OF SALE (8-08)</u>			
Value	Value		AIAC Amount
Double Adobe - Phases 1, 2, and 3	\$401,028.74		\$401,028.74
Double Adobe - Phase 3D	\$76,110.00		
Double Adobe Phase 9D & 9D Water Loop	\$200,301.00		
Phase IA	\$515,438.00		\$515,438.00
Phase 1 B	<b>\$237,214.00</b>		
Phase 1C	\$501,698.00		\$501,698.00
Phase 3A	\$78,600.00		
Phase 3B	\$34,834.00		
Phase 3C	\$41,779.00		
Phase 3D	\$96,508.00		
Phase 4A	\$29,939.00		
Phase 5	\$204,090.00		
Phase 8A	\$171,042.00		
<b>Phase 8B</b>	<b>\$137,414.00</b>		
Phase 8C	\$197,998.00		
Phase 9A	\$176,702.00		
Phase 9B	\$199,027.00		
Phase 9C	\$266,446.00		
Phase 9D	\$156,506.00		
Phase 10	<u>\$1,253,881.00</u>		
	<b>\$4,976,555.74</b>		<b>\$1,418,164.74</b>
<u>WATER FACILITIES - BILLS OF SALE ACCEPTED AND/OR RECORDED</u>			
Facilities	Value		
Production Well 3	\$160,091.08		\$160,091.08
Off-Site Main	\$957,018.00		\$957,018.00
Chlorination Facilities	\$14,618.02		\$14,618.02
Phase 2	\$300,572.00		\$300,572.00
Phase 27	\$125,037.00		\$125,037.00
Production Well #2	\$115,341.58		\$115,341.58
	\$1,672,677.68		<b>\$1,672,677.68</b>
<u>PENDING WATER FACILITIES TO BE TRANSFERRED</u>			
Facilities	Value		
Water Tank & Booster Tank (Phase 9 & 10)	\$1,078,564.00		\$1,078,564.00
Production Well 1	\$81,543.00		\$0.00
Ranch Compound	<u>\$65,318.00</u>	\$65,318.00	\$65,318.00
	\$1,225,987.00		<b>\$1,143,882.00</b>
<b>TOTAL OF CONSTRUCTED FACILITIES-TRR</b>	<b>\$7,875,220.42</b>		
Total Asset TRR placed with Company funds	\$39,178.70		
Total Assets ICR	\$1,462,117.10		
Total Assets PR	\$404,488.68		
Total Assets WC	\$1,874,568.23		\$1,874,568.23
<b>TOTAL COMPANY ASSETS</b>	<b>\$11,655,573.13</b>		
Total TRR Assets as AIAC		\$4,234,724.42	
Total WC Assets as AIAC		\$1,874,568.23	
<b>Total Company Assets as AIAC</b>		<b>\$6,109,292.65</b>	<b>52.40%</b>
Assets as CIAC			
(ICR & Preserve)		\$1,827,065.86	
(Talking Rock)		\$3,640,496.00	
<b>Total Company Assets as CIAC</b>		<b>\$5,467,561.86</b>	<b>46.90%</b>
<b>Total Assets Purchased w Company Funds</b>		<b>\$78,718.62</b>	<b>0.70%</b>
<b>TOTAL COMPANY ASSETS</b>		<b>\$11,655,573.13</b>	<b>100%</b>