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BEFORE THE ARIZONA CORPORATION

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- 1 MARC SPITZER
- 2 Commissioner - Chairman
- 3 WILLIAM MUNDELL
- 4 Commissioner
- 5 JEFF HATCH-MILLER
- 6 Commissioner
- 7 MIKE GLEASON
- 8 Commissioner
- 9 KRISTIN K. MAYES
- 10 Commissioner
- 11

Arizona Corporation Commission
DOCKETED

JUN 25 2004

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8 IN THE MATTER OF THE APPLICATION OF) DOCKET NO. W-01445A-04-0327
 9 ARIZONA WATER COMPANY FOR APPROVAL)
 10 OF A TARIFF FILING TO REFLECT CHANGES)
 11 DUE TO THE PURCHASED POWER) DECISION NO. 67070
 ADJUSTMENT MECHANISM FOR ITS STANFIELD,)
 LAKESIDE, OVERGAARD, PINWOOD AND)
 RIMROCK WATER SYSTEMS) ORDER

12 Open Meeting
 13 June 15 and 16, 2004
 Phoenix, Arizona

14 BY THE COMMISSION:

FINDINGS OF FACT

- 16 1. Arizona Water Company ("Company") is an Arizona corporation engaged in the business
- 17 of providing water utility service pursuant to Certificates of Convenience and Necessity granted by this
- 18 Commission.
- 19 2. On April 29, 2004, the Company submitted an application regarding its Tariff AM-253
- 20 designed to reflect changes in its Purchased Power Adjustment Mechanism ("PPAM") for its Stanfield,
- 21 Lakeside, Overgaard, Pinewood and Rimrock water systems.
- 22 3. Decision No. 62755, dated July 25, 2000, authorized the PPAM rate for the Stanfield
- 23 water system be set at \$(0.004).
- 24 4. Decision No. 64282, dated December 28, 2001, authorized the PPAM rate for the
- 25 Rimrock water system be set at \$(0.000).
- 26 5. Decision No. 65045, dated July 24, 2002, authorized the PPAM rate for the Lakeside and
- 27 Overgaard water systems be set at \$(0.027) and \$(0.014), respectively.
- 28 ...

6. Decision No. 65543, dated January 23, 2003, authorized the PPAM rate for the Pinewood water system be set at \$(0.001).

7. All PPAM rates apply to "per one hundred gallons sold".

8. The proposed modification in the Company's tariff being filed at this time will result in the following increase/decrease per one hundred gallons sold:

	<u>Old PPAM</u>	<u>Change</u>	<u>New PPAM</u>
Stanfield	\$(0.004)	\$(0.002)	\$(0.006)
Lakeside	\$(0.027)	\$0.016	\$(0.011)
Overgaard	\$(0.014)	\$0.014	\$0.000
Pinewood	\$(0.001)	\$(0.001)	\$(0.002)
Rimrock	\$(0.000)	\$(0.001)	\$(0.001)

9. For the Stanfield system, this will result in a decrease of \$0.17 or 0.4 percent in the monthly average residential customer bill from \$40.93 to \$40.76 based on an average usage of 9,900 gallons.

10. For the Lakeside system, this will result in an increase of \$0.73 or 3.8 percent in the monthly average residential customer bill from \$19.08 to \$19.80 based on an average usage of 4,500 gallons.

11. For the Overgaard system, this will result in an increase of \$0.46 or 1.4 percent in the monthly average residential customer bill from \$32.19 to \$32.65 based on an average usage of 3,200 gallons.

12. For the Pinewood system, this will result in a decrease of \$0.02 or 0.1 percent in the monthly average residential customer bill from \$29.06 to \$29.04 based on an average usage of 2,500 gallons.

13. For the Rimrock system, this will result in a decrease of \$0.04 or 0.1 percent in the monthly average residential customer bill from \$33.10 to \$33.06 based on an average usage of 6,800 gallons.

14. Staff has reviewed Arizona Water Company's filing and concurs that the calculations are accurate and comply with the methodology set forth in the Company's tariff.

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1 15. Staff further recommends that the Commission authorize Arizona Water Company to
2 change its PPAM rate for its Stanfield, Lakeside, Overgaard, Pinewood and Rimrock systems.

3 16. Staff recommends the Company notify customers of the change in the Purchased Power
4 Adjustment Mechanism rate 30 days prior to the effective date of the change.

5 17. Staff further recommends the Company file tariff pages consistent with this Decision
6 within 30 days from the date of this Order.

7 CONCLUSIONS OF LAW

8 1. Arizona Water Company is an Arizona public service corporation within the meaning of
9 Article XV, Section 2, of the Arizona Constitution.

10 2. The Commission has jurisdiction over the Company and of the subject matter in this
11 Application.

12 3. The Commission, having reviewed the application and Staff's Memorandum dated
13 June 2, 2004, concludes that Arizona Water Company's PPAM rate should be changed for its
14 Stanfield, Lakeside, Overgaard, Pinewood and Rimrock.

15 ORDER

16 IT IS THEREFORE ORDERED that Arizona Water Company is authorized to implement
17 PPAM rate changes for its Stanfield, Lakeside, Overgaard, Pinewood and Rimrock systems as shown
18 in Finding of Fact No. 8.

19 IT IS FURTHER ORDERED that Arizona Water Company notify its customers of the change
20 in the Purchased Power Adjustment Mechanism rate 30 days prior to the change becoming effective,
21 but no later than 30 days after the effective date of this Decision.

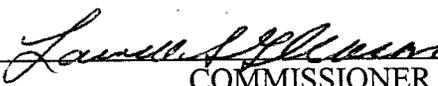
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1 IT IS FURTHER ORDERED that Arizona Water Company file tariff pages consistent with this
2 Decision within 30 days of the effective date of this Order.

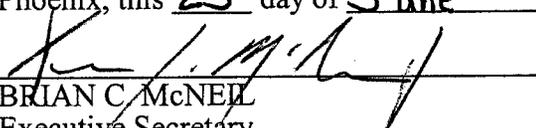
3 IT IS FURTHER ORDERED that this Decision become effective immediately.

4 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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7 CHAIRMAN  COMMISSIONER  COMMISSIONER

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9  COMMISSIONER  COMMISSIONER

10 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
11 Secretary of the Arizona Corporation Commission, have
12 hereunto, set my hand and caused the official seal of this
13 Commission to be affixed at the Capitol, in the City of
14 Phoenix, this 25th day of June, 2004.

15 
16 BRIAN C. McNEIL
17 Executive Secretary

18 DISSENT: _____

19 DISSENT: _____

20 EGJ:ENZ:rdp/TS

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SERVICE LIST FOR: ARIZONA WATER COMPANY
DOCKET NO. W-01445A-04-0327

2 Arizona Water Company
Attention: Mr. William M. Garfield, President
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Phoenix, Arizona 85038-9006

4 Mr. Ernest G. Johnson
5 Director, Utilities Division
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7 Mr. Christopher C. Kempley
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ARIZONA WATER COMPANY
 SCHEDULE OF STAFF RECOMMENDED
 PURCHASED POWER ADJUSTMENT MECHANISM
 APPLICATION DATED April 29, 2004
 Docket No. W-01445A-04-0327

SYSTEM LOCATION	Test Year Costs 12/31/1999	Costs As Of 5/1/2004	Required Pass Thru Amount	Gallons Pumped In Hundreds	Current Pass Thru per 100 Gallons	Company Proposed PPAM per 100 Gallons	Staff Recommended PPAM Per 100 Gallons	Change In PPAM
Stanfield	\$16,733.94	\$14,792.90	(\$1,941.04)	338,720	(0.004)	(0.006)	(0.006)	(0.002)
Lakeside	\$141,277.32	\$115,247.81	(\$26,029.51)	2,390,690	(0.027)	(0.011)	(0.011)	0.016
Overgaard	\$39,437.03	\$39,661.90	\$224.87	895,190	(0.014)	0.000	0.000	0.014
Pinewood	\$50,239.34	\$48,723.16	(\$1,516.18)	771,080	(0.001)	(0.002)	(0.002)	(0.001)
Rimrock	\$18,846.92	\$18,390.02	(\$456.90)	877,600	-	(0.001)	(0.001)	(0.001)

ARIZONA WATER COMPANY
 SCHEDULE OF STAFF RECOMMENDED
 PURCHASED POWER ADJUSTMENT MECHANISM
 APPLICATION DATED April 29, 2004
 Docket No. W-01445A-04-0327

<u>Stansfield</u>		<u>Lakeside</u>		<u>Overgaard</u>	
Current- PPAM	(0.004)	Current- PPAM	(0.027)	Current- PPAM	(0.014)
Number of Customers	218	Number of Customers	4,459	Number of Customers	3,636
Average usage (monthly)	9,900 (0.40)	Average usage (monthly)	4,500 (1.22)	Average usage (monthly)	3,200 (0.45)
Proposed PPAM	(0.006)	Proposed PPAM	(0.011)	Proposed PPAM	0.000
Average usage	9,900 (0.57)	Average usage	4,500 (0.49)	Average usage	3,200 0.01
Increase	(0.17)	Decrease	0.73	Decrease	0.46
% Increase	-43.3%	% Decrease	59.7%	% Decrease	59.7%
Current Bill		Current Bill		Current Bill	
Minimum 5/8 x 3/4	14.50	Minimum 5/8 x 3/4	10.88	Minimum 5/8 x 3/4	18.40
Avg. Usage (monthly)	9,900	Avg. Usage (monthly)	4,500	Avg. Usage	3,200
Commodity Rate/100	0.3014	Commodity Rate/100	0.2082	Commodity Rate/100	0.4450
Average water usage	26.82	Average water usage	9.41	Average water usage	14.24
PPAM - current	(0.40)	PPAM - current	(1.22)	PPAM	(0.45)
Monthly Avg Bill - current	40.93	Monthly Avg Bill	19.08	Monthly Avg Bill	32.19
Additional Proposed PPAM	(0.17)	Proposed PPAM - reduction	0.73	Proposed PPAM-reduction	0.46
Average Proposed Bill	\$ 40.76	Average Proposed Bill	\$ 19.80	Average Proposed Bill	\$ 32.65
% Decrease	-0.4%	% Increase	3.8%	% Increase	1.4%
Pinewood		Rimrock			
Current- PPAM	(0.001)	Current- PPAM	0.000		
Number of Customers	2,836	Number of Customers	1,122		
Average usage (monthly)	2,500 (0.03)	Average usage (monthly)	6,800		
Proposed PPAM	(0.002)	Proposed PPAM	(0.001)		
Average usage	2,500 (0.05)	Average usage	6,800 (0.04)		
Increase	(0.02)	Increase	(0.04)		
% Increase	-96.6%	% Increase	(0.04)		
Current Bill		Current Bill			
Minimum 5/8 x 3/4	19.86	Minimum 5/8 x 3/4	16.10		
Avg. Usage (monthly)	2,500	Avg. Usage (monthly)	6,800		
Commodity Rate/100	0.3690	Commodity Rate/100	0.2500		
Average water usage	9.23	Average water usage	17.00		
PPAM - current	(0.03)	PPAM	-		
Monthly Avg Bill	29.06	Monthly Avg Bill	33.10		
Additional Proposed PPAM	(0.02)	Additional Proposed PPAM	(0.04)		
Average Proposed Bill	\$ 29.04	Average Proposed Bill	\$ 33.06		
% Decrease	-0.1%	% Decrease	-0.1%		

* Current PPAM = credit adjustment to average bill.
 ** Number of customers was provided by the Company
 *** Average monthly usage was provided by the Company
 **** Minimum charge includes 1,000 gallons