

ORIGINAL  
OPEN MEETING



410

MEMORANDUM  
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TO: THE COMMISSION  
2004 JUN -2 A 10: 39

FROM: Utilities Division

DATE: June 2, 2004  
AZ CORP COMMISSION  
DOCUMENT CONTROL

RE: IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY'S, STANFIELD, LAKESIDE, OVERGAARD, PINEWOOD AND RIMROCK SYSTEMS, FOR APPROVAL OF A TARIFF FILING TO REFLECT CHANGES DUE TO THE PURCHASED POWER ADJUSTMENT MECHANISM (DOCKET NO. W-01445A-04-0327)

On April 29, 2004, Arizona Water Company ("Company") submitted an application regarding its Tariff AM-253 designed to reflect changes in its Purchased Power Adjustment Mechanism ("PPAM") for its Stanfield, Lakeside, Overgaard, Pinewood and Rimrock water systems.

In Decision No. 62755, dated July 25, 2000, the PPAM rate for the Stanfield water system was set at \$(0.004) per one hundred gallons. On December 28, 2001, the Commission issued Decision No. 64282, which established a PPAM rate of \$(0.000) for the Rimrock system. In Decision No. 65045, dated July 24, 2002, the PPAM rates for the Lakeside and Overgaard systems were set at \$(0.027) and \$(0.014), respectively. On January 23, 2003, the Commission issued Decision No. 65543, which established a PPAM rate of \$(0.001) for the Pinewood system. All the PPAM rates apply to "per one hundred gallons sold".

The proposed modification in the Company's tariffs being filed at this time will involve 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)

Arizona Corporation Commission  
**DOCKETED**  
JUN - 2 2004

DOCKETED BY

THE COMMISSION

June 2, 2004

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The proposed modification in the Company's tariffs will result in a increase/decrease in the monthly average residential customer bill as follows:

	<u>Avg. Gal.</u>	<u>Old Mo. Bill</u>	<u>Change</u>		<u>New Mo. Bill</u>
			<u>Amount</u>	<u>Percent</u>	
Stanfield	9,900	\$40.93	\$(0.17)	(0.4)	\$40.76
Lakeside	4,500	\$19.08	\$0.73	3.8	\$19.80
Overgaard	3,200	\$32.19	\$0.46	1.4	\$32.65
Pinewood	2,500	\$29.06	\$(0.02)	(0.1)	\$29.04
Rimrock	6,800	\$33.10	\$(0.04)	(0.1)	\$33.06

Staff reviewed Arizona Water Company's filing and concurs that the calculations are accurate and comply with the methodology set forth in Decision No. 62755, dated July 25, 2000, Decision No. 64282, dated December 28, 2001, Decision No. 65045, dated July 24, 2002 and Decision No. 65543, dated January 23, 2003.

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

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

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



Ernest G. Johnson  
Director  
Utilities Division

EGJ:ENZ:rdp/TS

ORIGINATOR: Elena Zestrijan

**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)



BEFORE THE ARIZONA CORPORATION COMMISSION

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

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. \_\_\_\_\_  
ADJUSTMENT MECHANISM FOR ITS STANFIELD, )  
LAKESIDE, OVERGAARD, PINEWOOD AND )  
RIMROCK WATER SYSTEMS ) ORDER

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

14 BY THE COMMISSION:

15 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 ...

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

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

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

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

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

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

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

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

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

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

28 ...



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**

5  
6  
7 CHAIRMAN COMMISSIONER COMMISSIONER

8  
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 \_\_\_\_ day of \_\_\_\_\_, 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  
1 DOCKET NO. W-01445A-04-0327

2 Arizona Water Company  
Attention: Mr. William M. Garfield, President  
3 Post Office Box 29006  
Phoenix, Arizona 85038-9006  
4

5 Mr. Ernest G. Johnson  
Director, Utilities Division  
Arizona Corporation Commission  
6 1200 West Washington  
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8 Mr. Christopher C. Kempley  
Chief Counsel, Legal Division  
Arizona Corporation Commission  
9 1200 West Washington  
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