

OPEN MEETING ITEM



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MEMORANDUM
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Arizona Corporation Commission

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2000 MAY 23 P 3:33

MAY 23 2000

TO: THE COMMISSION

FROM: Utilities Division

DATE: May 23, 2000

RE: IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY FOR PROPOSED TARIFF NO. TE-264, TREATED EFFLUENT SERVICE-DOCKET NO. W-01445A-00-0319

AZ CORP COMMISSION
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On May 10, 2000, Arizona Water Company ("AWC") submitted an application for Proposed Tariff TE-264, Treated Effluent Service. The Company currently has Tariff No. RW-256, instituted on January 1, 1990, for Reclaimed Water Service Agreements limited to their Apache Junction System.

In this filing, the Company is proposing to expand Treated Effluent Service to all of their service areas. Owners of local wastewater collection and treatment facilities could enter into an agreement to sell the Treated Effluent to AWC for resale to customers requesting service under Proposed Tariff No. TE-264. The monthly bill would reflect a meter charge similar to that in Tariff No. RW-256, and a commodity charge. Additionally, based on the requirements of each customer, AWC may assess charges for power, maintenance, overhead, and depreciation charges.

As of this date, Staff has not had sufficient time to review and analyze the impact of this Proposed Tariff in the Company's various service areas, or the impact on the Company's operating revenues. Therefore, Staff respectfully requests that the Commission suspend this tariff filing for one-hundred twenty (120) days, through and including October 8, 2000.



Deborah R. Scott
Director
Utilities Division

DRS: SSA:sjs\RJM

ORIGINATOR: Sonn S. Ahlbrecht

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BEFORE THE ARIZONA CORPORATION COMMISSION

CARL J. KUNAZEK
CHAIRMAN
JIM IRVIN
COMMISSIONER
WILLIAM A. MUNDEL
COMMISSIONER

IN THE MATTER OF THE FILING BY)
ARIZONA WATER COMPANY OF)
PROPOSED TARIFF NO. TE-264,)
TREATED EFFLUENT SERVICE)

DOCKET NO. W-01445A-00-0319

DECISION NO. _____

ORDER

Open Meeting
June 6 and 7, 2000
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Arizona Water Company ("Company") is an Arizona Corporation engaged in the business of providing water utility service pursuant to Certificates of Convenience and Necessity granted by this Commission.

2. On May 10, 2000, the Company filed an application for approval of Proposed Tariff No. TE-264, which would allow them to enter into an agreement with local wastewater collection and treatment facilities to sell treated effluent to the Company for resale to customers that request that service.

3. According to the Company, the requested Tariff should be approved as it will promote conservation of other types of water, and is in the public interest.

4. The Company did not propose an actual commodity charge amount, but stated in the Tariff that the effluent would be resold at cost of purchase plus overhead and other administrative costs.

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ORDER

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THEREFORE, IT IS ORDERED that Proposed Tariff TE-264, Treated Effluent Service be suspended for a period of one-hundred twenty (120) days, through and including October 8, 2000.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____ 2000.

BRIAN C. McNEIL
Executive Secretary

DISSENT _____

DRS:SSA:sjs\RJM

NEW APPLICATION

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AZ CORP COMMISSION
DOCUMENT CONTROL

1 Carl J. Kunasek
Chairman
2 Jim Irvin
Commissioner
3 William A. Mundell
Commissioner
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BEFORE THE ARIZONA CORPORATION COMMISSION

6 IN THE MATTER OF THE FILING BY)
ARIZONA WATER COMPANY OF)
7 PROPOSED TARIFF NO. TE-264,)
8 TREATED EFFLUENT SERVICE)

W-01445A-00-0319

CERTIFICATE OF FILING OF
PROPOSED TARIFF TE-264

9 Arizona Water Company, an Arizona public service corporation, (the "Company")
10 pursuant to the provisions of A.R.S. §40-367, tenders for filing with the Commission its
11 proposed Tariff No. TE-264, Treated Effluent Service.

12 By way of background, the Company first instituted a reclaimed water service tariff on
13 January 1, 1990. Service under Tariff No. RW-256 is limited to the Apache Junction system,
14 and is subject to the terms and conditions of a certain Reclaimed Water Service Agreement, all
15 as set forth in said tariff.

16 The Company is now proposing to expand the availability of Treated Effluent Service to
17 all of its service areas where the owner of a local wastewater collection and treatment facility has
18 entered into an agreement to sell Treated Effluent to the Company for resale to the customer
19 requesting service under proposed Tariff No. TE-264. Service under proposed Tariff No. TE-
20 264 will also be beneficial to the Company in promoting conservation of other types of water.

21 The monthly bill under proposed Tariff No. TE-264 will include a meter charge similar to
22 the meter charge approved by the Commission for service under Tariff No. RW-256, a
23 commodity charge, and, where applicable based on the specific requirements of each customer, a
24 power, maintenance, and depreciation charge. Various other conditions for service under
25 proposed Tariff No. TE-264 are listed in the proposed tariff.

26 The Company respectfully submits that proposed Tariff No. TE-264 is in the public
27 interest, and requests that proposed Tariff No. 264 be approved to become effective thirty (30)
28 days following the date of this filing.

WATER RATES

ARIZONA WATER COMPANY

Phoenix, Arizona

Filed by: James R. Livingston

Title: President

Date of Original Filing: May 10, 2000

System: **All Service Areas**

A.C.C. No. 444

Canceling A.C.C.No. None

Tariff or Schedule No. TE-264

Filed: May 10, 2000

Effective: June 9, 2000

TREATED EFFLUENT SERVICE

AVAILABILITY:

To customers in all service areas where the owner of a local wastewater collection and treatment facility has entered into an agreement to sell Treated Effluent to the Company for resale to the customer requesting service under this tariff. The Company will supply only such quantities of Treated Effluent, at such pressure, as may be available from time to time from the local wastewater collection and treatment facility.

SUITABILITY:

It is the customer's responsibility to determine the initial and continuing suitability of the Treated Effluent delivered under this tariff for the customer's use. The Company does not treat, test or monitor the quality of Treated Effluent delivered under this tariff and furnishes it to customers strictly on an "as received" basis from the local wastewater collection and treatment facility. The customer agrees to accept Treated Effluent "as received." Compliance with any requirement of the Arizona Department of Environment Quality, or any other agency having jurisdiction, concerning the use of Treated Effluent shall be the sole responsibility of the customer. The Company will not be liable for, and the customer will hold harmless, indemnify and defend the Company against any claim, violation, cost, or loss of any kind, including without limitation injuries or damages arising from its service of Treated Effluent to the customer.

FACILITIES:

The customer will pay to the Company, as a contribution not subject to refund, the total cost, including any related gross-up income tax on the contribution, of the facilities needed to deliver Treated Effluent to the customer. Such facilities will be owned by the Company and sized based upon the customer's estimate of the maximum quantity of Treated Effluent the customer intends to use during any calendar year ("Treated Effluent Demand").

MONTHLY BILL:

The monthly billing will consist of the following components:

1. A meter charge based on the applicable monthly minimum charge by meter size as set forth in The General Service tariff schedule for the service area. The meter charge does not include any quantity of Treated Effluent.
2. A commodity charge designed to pass on all costs of acquiring and transporting the Treated Effluent delivered to the customer and billed to the Company for the preceding month's service plus one percent (1%) of such costs to cover the Company's administrative and handling costs.
3. A power, maintenance, and depreciation charge may be applicable based on the specific facility requirements of each customer.

- A. The power component will be the direct and separately metered cost of the power billed to the Company during the previous month for pumping Treated Effluent delivered to the customer, plus one percent (1%) of the power cost to cover the Company's administrative and handling costs. If multiple customers are being served by common facilities, the power component will be prorated based on the quantity of Treated Effluent actually delivered during the month to each customer or by an acceptable agreement among the multiple customers for allocating power costs.

- B. The maintenance component will be the actual costs of maintaining the facilities needed to deliver Treated Effluent to the customer, plus a ten percent (10%) charge for overheads. If multiple customers are being served by common facilities, the maintenance component will be prorated based on each customer's Treated Effluent Demand.

- C. The depreciation component will be 1/12th of the product of the Company's book depreciation rate, as authorized by the Arizona Corporation Commission, times the original cost of the facilities needed to deliver Treated Effluent to the customer. If multiple customers are being served by common facilities, the depreciation component will be prorated based on each customer's Treated Effluent Demand.

Late Charge:

Any payment not received within fifteen (15) days from the postmark date of the bill will be delinquent and subject to a late charge of one and one-half percent (1-1/2%) per month.

Adjustment:

An adjustment for state and local taxes, which will be the applicable proportionate part of any tax or government imposition which is, or in the future may be, assessed on the basis of the gross revenues of the Company and/or the revenue from the Treated Effluent or service sold and/or the volume of Treated Effluent pumped or purchased for sale and/or sold hereunder. In the event of any increase or decrease in taxes or other governmental impositions, rates shall be adjusted to reflect such increase or decrease.

TERMS AND CONDITIONS:

Subject to the Company's Tariff Schedule TC-243.