

ORIGINAL



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MEMORANDUM RECEIVED

30

2005 JUN 24 P 12:41

TO: Docket Control
FROM: Ernest G. Johnson
Director
Utilities Division

AZ CORP COMMISSION
DOCUMENT CONTROL

Date: June 24, 2005

RE: STAFF REPORT FOR KACY PARKER DBA ARROYO WATER COMPANY, INC. - APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY AND FOR THE APPROVAL OF SALE OF ASSETS (DOCKET NO. W-04286A-04-0774)

Attached is the Staff Report for Kacy Parker dba Arroyo Water Company, Inc.'s application for Certificate of Convenience and Necessity and for the approval of sale of assets. Staff recommends that the Company provide additional information to Staff.

EGJ:BNC:lhm

Originator: Blessing Chukwu

Arizona Corporation Commission

DOCKETED

JUN 24 2005

DOCKETED BY	<i>KJ</i>
-------------	-----------

Service List for: Arroyo Water Company, Inc.
Docket Nos. W-04286A-04-0774

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Arroyo Water Company, Inc.
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Payson, Arizona 85541

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STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

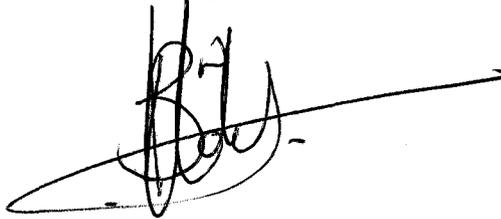
ARROYO WATER COMPANY, INC.
DOCKET NO. W-04286A-04-0774

APPLICATION FOR CERTIFICATE OF
CONVENIENCE AND NECESSITY AND FOR APPROVAL OF SALE OF ASSETS TO
KACY PARKER DBA ARROYO WATER COMPANY, INC.

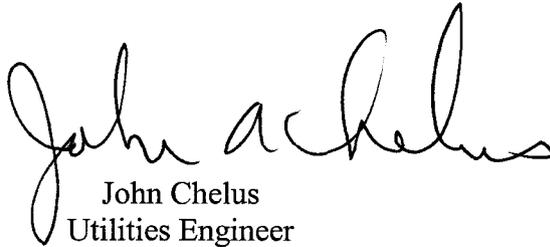
JUNE 2005

STAFF ACKNOWLEDGMENT

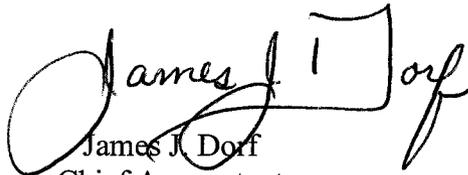
The Staff Report for Kacy Parker dba Arroyo Water Company (Docket No. W-04286A-04-0774) was the responsibility of the Staff members signed below. Blessing Chukwu was responsible for the review and analysis of the Company's application. John Chelus was responsible for the engineering and technical analysis. James J. Dorf was responsible for the rate analysis.



Blessing Chukwu
Executive Consultant



John Chelus
Utilities Engineer



James J. Dorf
Chief Accountant

EXECUTIVE SUMMARY
ARROYO WATER COMPANY, INC.
APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY AND
FOR APPROVAL OF SALE OF ASSETS
DOCKET NO. W-04286A-04-0774

On September 13, 2004, a Procedural Order was issued, in Docket No. W-03672A-01-0474, directing Kyle and Kacy Parker (“the Parkers”) to file an application for sale of assets and for transfer of the current Certificate of Convenience and Necessity (“CC&N”) for Arroyo Water Company, Inc. On October 19, 2004, Kacy Parker dba Arroyo Water Company, Inc (“Arroyo Water” or “Company”) filed an application with the Arizona Corporation Commission (“ACC” or “Commission”) for issuance of a new CC&N to provide water service in a portion of Gila County, Arizona, and for approval of the sale of assets to Kacy Parker.

On April 19, 2005, Staff was directed by Procedural Order to file the instant Staff Report addressing the ownership and operational status of Arroyo Water, as well as any ongoing issues with respect to Arizona Department of Environmental Quality compliance issues and Staff’s recommendation regarding the proposed transfer of assets and issuance of a CC&N to Kacy Parker dba Arroyo Water Company, Inc.

Kacy Parker dba Arroyo Water Company, Inc. is an Arizona public service corporation, in good standing with the Commission’s Corporations Division and is engaged in providing water utility service to approximately 91 customers in a portion of Gila County, Arizona. The Company is the successor-in-interest to the assets of Arroyo Water Company, Inc., dba Tonto Basin Water Company (“Tonto Basin”), a defunct public service corporation owned and operated by Mr. Richard Williamson. Tonto Basin was fined and sanctioned by the ACC for failure to comply with Arizona Law, Commission Rule and Commission Order. (See Decision Nos. 61149 and 61892.)

Mr. Kacy Parker and Mr. Kyle Parker purchased the Company from Mr. Richard Williamson for \$45,000 on March 25, 2003. Mr. Kacy Parker is the President of the Company, whereas his father Mr. Kyle Parker is the Vice President. Mr. John Otten is the on-site manager.

According to the Arizona Department of Environmental Quality (“ADEQ”), Arroyo Water has no major deficiencies and is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. However, the ADEQ indicated in its report that “[i]t appears as though this system does not have the minimum storage capacity that is equal to its population’s average daily water.”

In order for Staff to determine whether or not to support the relief requested by Arroyo Water, Staff needs additional information in order to complete its review and analysis. As such, Staff recommends:

1. That the Company be required to provide its water use data sheet.

2. That the Company be required to provide the requests for service from property owners in the service territory that is covered by the CC&N application that are outside the original Sheer Speed CC&N area.
3. That the Company be required to provide evidence or an affidavit that proper notice was provided to the affected customers regarding the application for CC&N and for approval of sale of assets.
4. That the Company be required to file its annual reports for the years 2003 and 2004.
5. That the Company be required to provide to Staff information about the proposed new well and the proposed additional storage. In addition, the Company should be required to provide a description of what the Company plans to do to meet production and storage needs and the time table for completion. The information should include information such as well ID number, production capacity and water quality of the well, location of proposed storage tank, size and how it will be tied to the system.
6. That the Company be required to provide arsenic concentration levels for the existing well and the proposed well. If either well has an arsenic concentration higher than 10 ppb, the Company shall also submit an arsenic treatment plan.
7. That the Company be required to provide the Gila County franchise approval for the area being requested.
8. That the Company be required to provide a certification, receipt and/or cancelled check from Gila County Treasurer's Office that all liens have been paid.

With regards to the proposed rates and charges, Staff recommends:

1. That the Company be required to charge the rates and charges noted at Exhibit I. In addition to collection of its regular rates and charges, the Company may collect from its customers a proportionate share of any privilege, sales or use tax pursuant to A.A.C. R14-2-409.D5.
2. That the Company be required to file with Docket Control a schedule of its approved rates and charges using the name Arroyo Water Company, Inc., within 30 days from the date of the Decision issued in this matter.
3. That the Company be required to file a general rate application, if it wishes to increase its rates.
4. That the Company be required to maintain its books and records in accordance with the NARUC Uniform System of Accounts.

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Introduction

On September 13, 2004, a Procedural Order was issued, in Docket No. W-03672A-01-0474, directing Kyle and Kacy Parker ("the Parkers") to file an application for sale of assets and for transfer of the current Certificate of Convenience and Necessity ("CC&N") for Arroyo Water Company, Inc.

On October 19, 2004, Kacy Parker dba Arroyo Water Company, Inc ("Arroyo Water" or "Company") filed an application with the Arizona Corporation Commission ("ACC" or "Commission") for issuance of a new CC&N to provide water service in a portion of Gila County, Arizona, and for approval of the sale of assets to Kacy Parker.

On April 19, 2005, Staff was directed by Procedural Order to file the instant Staff Report addressing the ownership and operational status of Arroyo Water, as well as any ongoing issues with respect to Arizona Department of Environmental Quality compliance issues and Staff's recommendation regarding the proposed transfer of assets and issuance of a CC&N to Kacy Parker dba Arroyo Water Company.

Background

Kacy Parker dba Arroyo Water Company, Inc. is an Arizona public service corporation, in good standing with the Commission's Corporations Division and is engaged in providing water utility service to approximately 91 customers in a portion of Gila County, Arizona. The Company is the successor-in-interest to the assets of Arroyo Water Company, Inc., dba Tonto Basin Water Company ("Tonto Basin"), a defunct public service corporation owned and operated by Mr. Richard Williamson. Tonto Basin was fined and sanctioned by the ACC for failure to comply with Arizona Law, Commission Rule and Commission Order. (See Decision Nos. 61149 and 61892.)

According to the Commission Record (Decision No. 61149, issued on October 7, 1998), Tonto Basin was ordered by the Commission to resolve certain problems within 60 days. In addition, Tonto Basin was ordered to file within 30 days of the date of Decision No. 61149, evidence that it had submitted all required water samples to the appropriate entities. In Decision No. 61892, issued on August 27, 1999, the Commission concluded and found that Tonto Basin failed to resolve all the problems listed in Decision No. 61149. As a result, the Commission ordered Tonto Basin to pay within 90 days of the date of Decision No. 61892, the \$2,300 administrative fine assessed in Decision No. 61149. Also, in Decision No. 61892, the Commission encouraged Tonto Basin to sell the water company "[f]or the long-term good of the CC&N area as well as the area surrounding the CC&N area." Decision No. 61892 states "...the \$2,300 fine shall be waived if Tonto Basin.....sells the water utility stock or assets to a certified operator approved by the Commission within 90 days of the date of this Order." Further, Decision No. 61892 states "that failure of Tonto Basin.... to either sell the water utility or resolve the problems.....shall be a violation of Commission Order and will result in a

fine of \$100 per day effective 91 days after the date of this Order and continuing until the problems are resolved.”

On or about May 5, 2003, Utilities Division Consumer Services Staff (“Consumer Services”) received information from a customer contact that led Consumer Services to believe that an ownership change had occurred for Tonto Basin via a flyer that accompanied the customer’s bill. The only information that was available to contact the new owners was a P.O. Box address. On May 14, 2003, Consumer Services sent a letter to the address requesting information relating to the new owner. The letter raised questions about the validity of the Company’s CC&N and requested the docket number of any existing application for approval of a sale of assets. On May 20, 2003, and June 24, 2003, Staff received responses from Mr. Kyle Parker who indicated that he and his son, Mr. Kacy Parker, had purchased the outstanding shares of stock in Tonto Basin from Mr. Richard Williamson, and that the Parkers would be filing a CC&N application.

On September 13, 2004, a Procedural Order was issued, in Docket No. W-03672A-01-0474, requiring Kyle and Kacy Parker to file, by no later than October 15, 2004, an application for sale of assets and for transfer of the current CC&N for Arroyo Water Company, Inc. Also, the Procedural Order required Staff to provide appropriate guidance to the Parkers to assist in filing the application, and that the Parkers cooperate fully with Staff’s requests for information related to the application. Further, the Procedural Order required Mr. Richard Williamson, on behalf of Arroyo Water Company, Inc., to cooperate fully with Staff’s requests for information given his status as the owner of record of Arroyo Water Company, Inc., which holds the CC&N, and as the Certified Operator of Arroyo Water system. Finally, the Procedural Order ordered that Docket No. W-03672A-01-0474 remain open until further order of the Commission and if the Parkers and/or Mr. Williamson fail to cooperate fully with Staff’s information requests, or fail to comply with the directive to file an application for sale or transfer of assets and transfer of CC&N, that Staff file a motion to renew its Complaint in Docket No. W-03672A-01-0474 and seek any and all appropriate remedies to ensure protection of the health, safety and welfare of Arroyo Water’s customers.

On October 19, 2004, Kacy Parker dba Arroyo Water Company, Inc. filed an application with the Commission for issuance of a new CC&N to provide water service in a portion of Gila County, Arizona, and for approval of the sale of assets to Kacy Parker.

The Water System

Arroyo Water system’s assets consist of a Main Well that pumps 90 gallons per minute, a 12,000 gallon storage tank, a 1,000 gallon pressure tank, a 5 hp well pump, a 3 hp well pump, a 3 hp booster pump, controls and electrical service at well site, 91 metered connections, and assorted pipe valves and service lines.

Ownership Status

On June 8, 2005, Staff met with Mr. Kacy Parker for a site inspection of the Arroyo Water system.¹ During the site inspection, Mr. Kacy Parker informed Staff that the Company was purchased from Mr. Richard Williamson for \$45,000 on March 25, 2003. The "Addendum to Purchase Agreement for All Assets of Arroyo Water Company, Inc." ("Addendum") attached to Staff's May 24, 2004 Memorandum filed in Docket No. W-03672A-01-0474 supports the assertion. According to the Addendum, \$40,000 of the payment was in Cashiers Check # 0629004058 whereas \$5,000 was in exchange for already completed labor and material. The Addendum listed Kyle and Kacy Parker as the Buyer. The sale was conditional on ACC's approval and that all fines or levies be removed by Mr. Richard Williamson prior to final transfer. A copy of the "Certificate for 1,000 shares of the Capital Stock of Arroyo Water Company, Inc." ("Certificate"), issued to Mr. Richard S. Williamson and Ms. Jill R. Williamson on March 15, 1991, was attached to the instant application for CC&N and for approval of sale of assets. The Certificate signed by Mr. Richard S. Williamson and Ms. Jill R. Williamson on March 25, 2003, states: "For Value Received, we hereby sell, assign and transfer unto Kyle Parker and Kacy Parker 1,000 Shares of the Capital Stock represented by the within Certificate and do hereby irrevocably constitute and appoint Jill R. Williamson to transfer the said Stock..."

The Company still operates under the corporate name "Arroyo Water Company, Inc.". Mr. Kacy Parker serves as the President of the Company while his father, Mr. Kyle Parker, serves as the Vice President. Each of the Parkers owns 50 percent of the 1,000 shares of the Company.² According to Mr. Kacy Parker, Mr. Kyle Parker serves primarily as an investor in the Company and is not involved in the day-to-day operations of the Company.³ Mr. Kyle Parker's involvement is limited to advice when it is requested.⁴

Operational Status

Arroyo Water system is located near the Town of Punkin Center, Arizona, approximately 43 miles from Payson, Arizona, in Gila County. The system had 84 customers two years ago when it was bought from Mr. Williamson and currently has 91 customers. Approximately 85 percent of the customers are full-time residential customers and 15 percent are seasonal customers. Arroyo Water currently has one employee, Mr. John Otten, who is the on-site manager. According to Mr. Kacy Parker, Mr. Otten serves as the 24 hour contact and provides basic maintenance to the system (including new meter installation, collecting and delivering samples to Flagstaff, cleaning and weed eating the system and fixing small system problems

¹ Mr. John Chelus, ACC Utilities Engineer, conducted a site inspection of the Arroyo Water system on June 8, 2005.

² On June 13, 2005, Mr. Brian Bozzo, Manager of the ACC Utilities Division Compliance and Enforcement Section, had a Telephone Conference call with Mr. Kacy Parker and discussed ownership and operational status of Arroyo Water Company, Inc.

³ Id.

⁴ Id.

such as faulty float switch or hole in the pressure tank).⁵ Mr. Parker and Mr. Otten conduct the testing of the system.⁶

According to the Addendum mentioned above, "Rich Williamson will remain on staff as a Registered Water Operator and Professional Engineer for a period of 4 years from the transfer date." According to Mr. Kacy Parker, although the contract provides for Mr. Williamson to provide professional engineering services to Arroyo Water, Mr. Williamson has not been involved in the operation of the company in approximately two years.⁷ However, Mr. Kacy Parker stated that Mr. Williamson could potentially be involved in any larger projects that might be required such as main line extensions and a storage tank.⁸

Arizona Department of Environmental Quality ("ADEQ") Compliance Issues

Staff contacted the ADEQ to determine the status of Arroyo Water's compliance with ADEQ. In response to Staff's request, ADEQ provided a Drinking Water Compliance Report. The report indicates that Arroyo Water has no major deficiencies and that the Company is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. However, the ADEQ indicated in the report that "[i]t appears as though this system does not have the minimum storage capacity that is equal to its population's average daily water demand."

According to Staff's July 30, 2004 Memorandum filed in Docket No. W-03672A-01-0474, Mr. Pat Finton of ADEQ informed Mr. Kacy Parker on July 29, 2004, during a meeting between Staff, Mr. Parker and Mr. Finton that a Notice of Violation would be issued for lack of storage during the next ADEQ inspection. According to the Drinking Water Compliance Report, the last ADEQ inspection was done on February 22, 2000. During the June 13, 2005 Telephone Conference Call between Staff and Mr. Kacy Parker, Mr. Parker acknowledged that he was aware that the system has storage and pressure problems and that ADEQ had told the Company not to hook-up new customers until the storage/pressure issue is addressed.

During the June 8, 2005 site inspection, Staff noted that the Company has not yet added any storage to the system, but is in the process of acquiring additional wells that will be added to the system as soon as the Commission issues a CC&N to the Company. The Company has a site available to install a storage tank, pressure tanks, and booster pumps and has purchased another well which will become part of the system once the ownership transfer is approved. The water system at times experiences low pressure problems. Staff believes that the low pressure problems would be solved if the storage and booster facilities were installed.

⁵ June 13, 2005, Telephone Conference Call between Mr. Bozzo and Mr. Kacy Parker.

⁶ Id.

⁷ Id.

⁸ Id.

ACC Compliance Issues

Decision No. 61149 required Arroyo Water Co. dba Tonto Basin Water Co., Sheer Speed, Inc. to file certain test results relating to ADEQ and assessed a \$2,300 administrative fine if problems not resolved within a certain timeframe. The Decision ordered further proceedings in this matter to determine if the fine could be reduced based on the ability of the Company to resolve those issues. In Decision No. 61892 issued August 27, 1999, it was determined that the Company had failed to satisfy or resolve all the problems listed in Decision No. 61149. As a result, the \$2,300 fine was not reduced. Other compliance requirements in Decision No. 61149 were superseded by Decision No. 61892. The Compliance database indicates that the \$2,300 fine was paid by Mr. Richard Williamson on November 29, 1999.

Under the dba name Tonto Basin Water Company, Sheer Speed, Inc., a check of the Compliance database indicates that there were three delinquent compliance items. The three compliance items relate to Decision No. 61892 ordering the Company to sell the utility within 90 days or correct certain problems. The problems to be resolved were the continued billing problem; complaints that customers were unable to contact the Company; and the refund of \$8,250 to JKM Investments for the main extension or resolution of the storage/water supply issue to the satisfaction of the Commission. Decision No. 61892 clearly indicated that if the problems were not resolved or the water utility was not sold within the 90 day period, the utility would be fined \$100 per day thereafter. In June of 2000, Staff filed a memorandum in the docket indicating that it had not received evidence from the Company which would indicate that steps were taken to comply with Commission Decision Nos. 61149 and 61892 and requested the Hearing Division to issue an Enforcement Order against the Company assessing a penalty of \$100 a day as Ordered in Decision No. 61892. An Enforcement Order was issued June 16, 2000 finding that the Company had failed to comply within 90 days of Decision No. 61892, and a penalty was due to date for the Company being 203 days past the compliance date of November 26, 1999. The Company was ordered to pay a penalty of \$20,300 as of the date of the Enforcement Order. It was further ordered that financial penalties would continue to accrue against Arroyo Water Co., Inc., dba Tonto Basin Water Co., Sheer Speed, Inc. as previously ordered in Decision No. 61892. On July 6, 2000, Richard Williamson, on behalf of the Company, filed an application for reconsideration and hearing to demonstrate information on compliance. Although the docketed request shows a stamped re-hearing date of July 26, 2000, no further activity is documented in the docket. The Company was subsequently sold to the Parkers on March 25, 2003.

Rates and Charges

The Company's current rates and charges were approved in Decision No. 57512 (August 14, 1991) and became effective on September 1, 1991. These rates and charges are noted at Exhibit I. At that time the Company was owned by Sheer Speed, Inc. dba Tonto Basin

Water Co.⁹ The Company changed its name to Arroyo Water Company, Inc. on February 1, 1994.

In the instant CC&N application, the Company has proposed that new rates go into effect. Staff is recommending that if the Company wishes to increase its rates, it should submit a general rate filing using the most recent 12 month period for its test period. Staff will then be able to review the actual costs being experienced by the Company and properly evaluate the rate increase request.

Other Relevant Information regarding Arroyo Water

- Although not specifically requested as part of the update, Staff believes that the record should reflect that there is an issue as to whether the \$100 per day fine that was ordered by the Commission in Decision No. 61892 (August 27, 1999) stopped on March 25, 2003 once Mr. Williamson sold the Company to the Parkers or continues to accrue until the Commission approves the instant application. As of June 15, 2005, the fine is estimated at approximately \$201,400. If the fine stopped on March 25, 2003, then Mr. Williamson is obligated to pay approximately \$121,600, pursuant to Decision No. 61892. Staff believes that the Parkers should not be liable for any accrued fines under Decision No. 61892 since the Decision is only applicable to Mr. Richard Williamson, the prior owner of the Company.
- During the June 8, 2005 site inspection, Mr. Kacy Parker informed Staff that there is still an outstanding lien with Gila County for property taxes of over \$9,000. As part of the sale agreement, in addition to the \$45,000, Mr. Kacy Parker alleged the Parkers gave Mr. Williamson a cashier's check for \$2,000 of the \$9,000 tax lien. According to the Parkers, Mr. Williamson was to pay off the lien, but has never done so.¹⁰
- The Company is requesting approval for a service area much larger than was previously approved for Sheer Speed, Inc. The area is growing very fast and according to the Company, there have been many requests for service.
- The Company has not filed an annual report.
- The Company has not provided the arsenic concentration level for its well.

⁹ Sheer Speed, Inc. was the predecessor to Arroyo Water Company, Inc., dba Tonto Basin Water Company. Sheer Speed, Inc.'s was granted a CC&N by Decision No. 49584 (January 5, 1979) and the CC&N was revoked by Decision No. 62949 (October 10, 2000).

¹⁰ On June 13, 2005, at 4:45pm, Blessing Chukwu called the Gila County Treasurer's Office (928-402-8703) to verify the outstanding property tax owed by Arroyo Water Company, Inc. According to Ms. Terri Towell of the Gila County Treasurer's Office, the outstanding amount as of June 13, 2005, is \$8,886.53. After June 27, 2005, the amount will increase. Ms. Towell, also stated that had Mr. Richard Williamson paid the property tax on March 26, 2003, he would have been responsible for \$5,600.83. \$3,285.70 is the amount of property tax that has accrued since Arroyo Water Company, Inc. was acquired by the Parkers.

- According to Utilities Division's Consumer Services Database, there were eight complaints, inquiries and/or opinions received from 2003 through June 14, 2005. They include one billing address inquiry, one no bill received, two billing disputes, two outages (one low pressure and one interruption – no water), and two inquiries on CC&N.

Recommendation

In order for Staff to determine whether or not to support the relief requested by the Arroyo Water, Staff needs additional information in order to complete its review and analysis. As such, Staff recommends:

1. That the Company be required to provide its water use data sheet.
2. That the Company be required to provide the requests for service from property owners in the service territory that is covered by the CC&N application that are outside the original Sheer Speed CC&N area.
3. That the Company be required to provide evidence or an affidavit that proper notice was provided to the affected customers regarding the application for CC&N and for approval of sale of assets.
4. That the Company be required to file its annual reports for the years 2003 and 2004.
5. That the Company be required to provide to Staff information about the proposed new well and the proposed additional storage. In addition, the Company should be required to provide a description of what the Company plans to do to meet production and storage needs and the time table for completion. The information should include information such as well ID number, production capacity and water quality of the well, location of proposed storage tank, size and how it will be tied to the system.
6. That the Company be required to provide arsenic concentration levels for the existing well and the proposed well. If either well has an arsenic concentration higher than 10 ppb, the Company shall also submit an arsenic treatment plan.
7. That the Company be required to provide the Gila County franchise approval for the area being requested.
8. That the Company be required to provide a certification, receipt and/or cancelled check from Gila County Treasurer's Office that all liens have been paid.

With regards to the proposed rates and charges, Staff recommends:

1. That the Company be required to charge the rates and charges noted at Exhibit I. In addition to collection of its regular rates and charges, the Company may collect from

its customers a proportionate share of any privilege, sales or use tax pursuant to A.A.C. R14-2-409.D5.

2. That the Company be required to file with Docket Control a schedule of its approved rates and charges using the name Arroyo Water Company, Inc., within 30 days from the date of the Decision issued in this matter.
3. That the Company be required to file a general rate application, if it wishes to increase its rates.
4. That the Company be required to maintain its books and records in accordance with the NARUC Uniform System of Accounts.

TARIFF SCHEDULE

UTILITY: TONTO BASIN WATER CO.
DOCKET NO: U-2337-91-052

PAGE 1 OF 2
DECISION NO. 57512
EFFECTIVE: SEPT. 1, 1991

RATES AND CHARGES

CUSTOMER/MINIMUM CHARGE
PER MONTH

<u>METER</u>	<u>CHARGE</u>	<u>GALLONS</u>
5/8 X 3/4"	\$ 16.00 FOR	1,000
3/4"	\$ 16.00 FOR	1,000
1"	\$ 20.00 FOR	1,000
1 1/2"	\$ 75.00 FOR	1,000
2"	\$120.00 FOR	1,000
3"	\$225.00 FOR	1,000
4"	\$375.00 FOR	1,000
5"	\$562.50 FOR	1,000
6"	\$750.00 FOR	1,000

SERVICE LINE & METER
INSTALLATION CHARGES

<u>METER</u>	<u>CHARGE</u>
5/8 X 3/4"	\$ 265.00
3/4"	\$ 295.00
1"	\$ 345.00
1 1/2"	\$ 520.00
2"	\$ 725.00
3"	\$ 975.00
4"	\$1550.00
5"	\$2338.00
6"	\$3125.00

COMMODITY CHARGE (EXCESS OF MINIMUM):

\$0.75 PER 1,000 GALLONS

SERVICE CHARGES:

1. ESTABLISHMENT (R14-2-403.D.1)	\$15.00
2. ESTABLISHMENT/AFTER HOURS (R14-2-403.D.2)	\$30.00
3. RECONNECTION/DELINQUENT (R14-2-403.D.1)	\$15.00
4. NSF CHECK (R14-2-409)	\$10.00
5. METER REREAD/IF CORRECT (R14-2-408.C.2)	\$10.00
6. METER TEST/IF CORRECT (R14-2-408.F.1)	\$25.00
7. DEFERRED PAYMENT (R14-2-409.G.6)	1% PER MONTH
8. DEPOSIT INTEREST (R14-2-403.B.3)	PER RULE
9. DEPOSIT (R14-2-403.B.7)	PER RULE
10. LATE FEE (\$0-\$30) 15+ DAYS POST BILLING	1.5% PER MONTH
11. LATE FEE (\$30.01-\$60) 15+ DAYS POST BILLING	1.5% PER MONTH
12. TEMPORARY TURNOFF	1.5% PER MONTH
13. REESTABLISHMENT W/N 12 MOS (R14-2-403.D.1)	MONTHS OFF THE SYSTEM TIMES THE MINIMUM

OTHER RATES AND CHARGES APPROVED BY ORDER:

IN ADDITION TO THE COLLECTION OF ITS REGULAR RATES AND CHARGES, THE COMPANY SHALL COLLECT FROM ITS CUSTOMERS THEIR PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES OR USE TAX IN ACCORDANCE WITH R14-2-409.D.5.

TARIFF SCHEDULE

TONTO BASIN WATER CO.
DECISION #57512
EFFECTIVE SEPT. 1, 1991
PAGE 2

MONTHLY SERVICE CHARGE FOR FIRE SPRINKLERS:

4" OR SMALLER	\$ 16.00
6"	20.00
8"	75.00
10"	120.00
LARGER THAN 10"	225.00

MEMORANDUM

TO: Blessing Chukwu
Executive Consultant III
Utilities Division

FROM: Barb Wells *bw*
Information Technology Specialist
Utilities Division

THRU: Del Smith *DS*
Engineering Supervisor
Utilities Division

DATE: June 13, 2005

RE: **ARROYO WATER COMPANY, INC. (DOCKET NO. W-04286A-04-0774)**

The area requested by Arroyo for a CC&N has been plotted with no complications using the legal description provided with the application (a copy of which is attached).

Also attached is a copy of the map for your files.

:bsw

Attachments

cc: Docket Control
Arroyo Water Company, Inc.
Mr. John Chelus
Ms. Deb Person (Hand Carried)
File

COUNTY

Gila

RANGE 10 East



TOWNSHIP 6 North

Map No. 6



W-3515 (4)
Tonto Basin Water Company, Inc.



Arroyo Water Company, Inc.
Docket No. W-4286-04-774
Application for CC&N

**PROPOSED CCN AREA
FOR
ARROYO WATER COMPANY, INC.**

JUNE, 2003

**The East half of Section 11, all of Section 12, all of Section 13 and the East half of
Section 14 of Township 6 North, Range 10 East, Gila and Salt River Base Meridian.**