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MEMORANDUM

Arizona Corporation Commission

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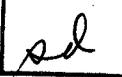
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TO: THE COMMISSION

MAY 08 2001

AZ CORP COMMISSION
DOCUMENT CONTROL

FROM: Utilities Division

DOCKETED BY 

DATE: May 7, 2001

RE: IN THE MATTER OF THE APPLICATION OF BACA FLOAT WATER COMPANY, SEWER DIVISION FOR APPROVAL OF A SEWER MAIN EXTENSION TARIFF AND REQUEST FOR PARTIAL WAIVER OF RULES. (DOCKET NO. WS-01678A-01-0327)

On April 17, 2001, Baca Float Water Company, Sewer Division ("Baca"), in compliance with Commission Decision No. 60721 filed an application for approval of a Sewer Main Extension Tariff, and waiver of R14-2-606 (C)(1)(a) and 606(D).

In Decision No. 60721, March 23, 1998, the Commission authorized Rio Rico Utilities, Inc., to transfer to Baca approximately one and one-half section of certificated territory. In addition, the Commission extended Baca's then existing CC&N to include additional territory adjoining the transferred property and required the company to file a wastewater main extension tariff.

Baca, located in Tubac, serving eighteen (18) customers in Santa Cruz County, is owned by Baca Float Land Development Limited Partnership, a developer. The developer and related entity, Mission Land Development Partnership, own a large portion of the property in the transferred area and are planning two new developments.

Wastewater Main Extensions are governed by Arizona Administrative Code R14-2-606, which in part, requires the utility to: prepare rough estimates for potential applicants, provide detailed plans within 90 days of a request, provide a copy of the tariff, and provide written contracts when requiring payment. The rule also requires the utility to refund or collect additional funds if the cost is different than the payment, within 120 days of completion.

Wastewater Main Extension Tariffs are governed by R14-2-606(C), which requires the utility to include specific provisions in its tariff. The required tariff provisions include: a) the maximum footage or equipment allowance to be provided by the utility; b.) an economic feasibility study, applied uniformly, to determine if a project meets the utility's established criteria for investment or requires the customer to advance funds; and c.) the timing and methods by which a utility will refund the advance. The rule also requires all advances in aid of construction to be non-interest bearing, and if after five years the advance has not been refunded, it shall be treated as a contribution-in-aid-of-construction.

THE COMMISSION

May 7, 2001

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The rule, at R14-2-606(D), further requires the utility to establish separate provisions for residential subdivisions and permanent mobile home parks.

Baca's proposed wastewater extension tariff meets and exceeds the standards embodied in the rule. The proposed tariff requires the utility to: prepare rough estimates for potential applicants, provide detailed plans within 90 days of a request, provide a copy of the tariff, and provide written contracts when requiring payment. The proposed tariff also requires the utility to refund or collect additional funds if the cost of the main is different than the payment, within 30 days of completion, rather than the required 120 days.

The proposed tariff also includes an economic feasibility study, applied uniformly, to determine if a project meets the utility's established criteria for investment or requires the customer to advance funds. In addition, the tariff also provides the customer refunds of ten (10) percent of the associated revenue, for ten (10) years, double the five (5) year minimum requirement in the rule.

The Company requests Commission approval of a waiver of R14-2-606(C)(1) and 606(D) as the proposed tariff does not provide free footage of an equipment allowance, nor does the tariff distinguish between residential subdivision developments and permanent mobile home parks.

Baca is a small utility, requiring capital to advance services to new developments. The proposed tariff will ensure that customers requiring services to be advanced will be treated consistently. Staff has reviewed the tariff and believes it is in the public interest and recommends approval.



Deborah R. Scott
Director
Utilities Division

DRS:JEF:ihm/JFW

ORIGINATOR: James Fisher

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BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL
Chairman
JIM IRVIN
Commissioner
MARC SPITZER
Commissioner

IN THE MATTER OF THE APPLICATION OF)
BACA FLOAT WATER COMPANY, SEWER)
DIVISION, AN ARIZONA CORPORATION, FOR)
APPROVAL OF A SEWER MAIN EXTENSION)
TARIFF AND REQUEST FOR PARTIAL)
WAIVER OF RULE)

DOCKET NO. WS-01678A-01-0327

DECISION NO. _____

ORDER

Open Meeting
May 22 and 23, 2001
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On April 17, 2001, Baca Float Water Company, Sewer Division ("Baca"), in compliance with Commission Decision No. 60721 filed an application for approval of a Sewer Main Extension Tariff, and waiver of R14-2-606 (C) (1) (a) and 606 (D).
2. Baca is engaged in providing water and wastewater service within portions of Santa Cruz County, Arizona, pursuant to the authority granted by the Arizona Corporation Commission.
3. In Decision No. 60721, March 23, 1998, the Commission authorized Rio Rico Utilities, Inc., to transfer to Baca approximately one and one-half section of certificated territory. In addition, the Commission extended Baca's then existing CC&N to include additional territory adjoining the transferred property and required the company to file a wastewater main extension tariff.
4. Baca is owned by Baca Float Land Development Limited Partnership, a developer. The developer and related entity, Mission Land Development Partnership, own a large portion of the property in the transferred area and are planning two new developments.
5. Wastewater Main Extensions are governed by Arizona Administrative Code R14-2-606, which in part, requires the utility to: prepare rough estimates for potential applicants, provide detailed plans within 90 days of a request, provide a copy of the tariff, and provide written contracts when

1 requiring payment. The rule also requires the utility to refund or collect additional funds if the cost
2 is different than the payment, within 120 days of completion.

3 6. Wastewater Main Extension Tariffs are governed by R14-2-606(C), which requires the
4 utility to include specific provisions in its tariff. The required tariff provisions include: a) the
5 maximum footage or equipment allowance to be provided by the utility; b.) an economic feasibility
6 study, applied uniformly, to determine if a project meets the utility's established criteria for investment
7 or requires the customer to advance funds; and c.) the timing and methods a utility will refund the
8 advance. The rule also requires all advances in aid of construction to be non-interest bearing, and if
9 after five years the advance has not been refunded, it shall be treated as a contribution-in-aid-of-
10 construction.

11 7. Baca's proposed wastewater extension tariff meets the standards embodied in the rule.
12 The proposed tariff requires the utility to: prepare rough estimates for potential applicants, provide
13 detailed plans within 90 days of a request, provide a copy of the tariff, and provide written contracts
14 when requiring payment.

15 8. The proposed tariff also requires the utility to refund or collect additional funds if the
16 cost of the main is different than the payment, within 30 days of completion, rather than the required
17 120 days.

18 9. The proposed tariff also includes an economic feasibility study, applied uniformly, to
19 determine if a project meets the utility's established criteria for investment or requires the customer
20 to advance funds. In addition, the tariff also provides the customer refunds of ten (10) percent of the
21 associated revenue, for ten (10) years, double the five (5) year minimum requirement in the rule.

22 10. The Company requests Commission approval of a waiver of R14-2-606(C)(1) and
23 606(D) as the proposed tariff does not provide free footage of an equipment allowance, nor does the
24 tariff distinguish between residential subdivision developments and permanent mobile home parks.

25 11. Baca Float is a small utility, requiring capital to advance services to new developments.
26 The proposed tariff will ensure that customers requiring facilities to be advanced will be treated
27 consistently.

28

1 12. Staff has reviewed the tariff and believes it is in the public interest and recommends
2 approval.

3 CONCLUSIONS OF LAW

4 1. Baca Float Water Company, Sewer Division, is a public service corporation within the
5 meaning of Article XV, Section 2, of the Arizona Constitution.

6 2. The Commission has jurisdiction over Baca Float Water Company, Sewer Division, and
7 the subject matter of the application.

8 3. The Commission, having reviewed the application, the Wastewater Main Extension
9 Tariff, and the Staff Memorandum dated May 7, 2001, concludes that the Wastewater Main Extension
10 tariff is in the public interest and should be approved.

11 ORDER

12 THEREFORE, IT IS ORDERED that the application of Baca Float Water Company, Sewer
13 Division, for approval of the Wastewater Main Extension Tariff is approved.

14 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

15
16 **BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

17
18 _____
CHAIRMAN COMMISSIONER COMMISSIONER

19 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
20 Secretary of the Arizona Corporation Commission, have
21 hereunto, set my hand and caused the official seal of this
22 Commission to be affixed at the Capitol, in the City of
23 Phoenix, this _____ day of _____, 2001.

24 _____
25 BRIAN C. McNEIL
26 Executive Secretary

27 DISSENT: _____

28 DRS:JEF:lhm/JFW

1 SERVICE LIST FOR: Baca Float Water Company
2 DOCKET NO. W-01678A-01-0327

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