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BEFORE THE ARIZONA CORPORATION COMMISSION

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CARL J. KUNASEK
Chairman
JIM IRVIN
Commissioner
WILLIAM A. MUNDELL
Commissioner

DOCKETED BY JM

IN THE MATTER OF THE APPLICATION OF VALLEY UTILITIES WATER COMPANY, INC. FOR AN INCREASE IN ITS WATER RATES FOR CUSTOMERS WITHIN MARICOPA COUNTY

DOCKET NO. W-01412A-99-0615

DECISION NO. 62908

IN THE MATTER OF THE APPLICATION OF VALLEY UTILITIES WATER COMPANY, INC. FOR AUTHORITY TO ISSUE PROMISSORY NOTE(S) AND OTHER EVIDENCES OF INDEBTEDNESS PAYABLE AT PERIODS OF MORE THAN TWELVE MONTHS AFTER THE DATE OF ISSUANCE

DOCKET NO. W-01412A-00-0023

OPINION AND ORDER

DATE OF HEARING: August 3, 2000
PLACE OF HEARING: Phoenix, Arizona
PRESIDING OFFICER: Stephen Gibelli
APPEARANCES: Richard L. Sallquist, SALLQUIST AND DRUMMOND, P.C., on behalf of the Applicant
Teena Wolfe, Staff Attorney, Legal Division, on behalf of the Utilities Division of the Arizona Corporation Commission.

BY THE COMMISSION:

On October 27, 1999 and as amended on November 23, 1999, Valley Utilities Water Company, Inc. ("Applicant" or "Company" or "Valley") filed with the Arizona Corporation Commission ("Commission") an application for a rate increase.

On January 11, 2000, the Company filed an application for approval of financing in the amount of \$741,755.

On January 19, 2000, the Commission's Utilities Division Staff ("Staff") filed a letter notifying the Company that its application met the sufficiency requirements outlined in A.A.C. R14-2-103 and classifying the Company as a Class C utility.

On January 21, 2000, a Procedural Order was issued which scheduled the hearing for July 28,

1 2000.

2 After a request by the Company on January 28, 2000 to extend the hearing date, a Procedural
3 Order was issued on February 3, 2000 setting the hearing for August 3, 2000.

4 On April 7, 2000, Staff filed a Motion to Consolidate since it believes that the issues in these
5 dockets are substantially related.

6 On April 11, 2000, the Company filed a Response to Staff's Motion indicating that they had
7 no objection to consolidating the two matters.

8 On April 13, 2000, the Company filed an Affidavit of Mailing indicating that it mailed notice
9 of its application for an increase in rates to its customers on February 28, 2000.

10 On May 24, 2000, the matters were consolidated by Procedural Order.

11 On June 2, 2000, Staff filed its Staff Report.

12 On June 8, 2000, the Company filed an Affidavit of Mailing indicating that it mailed notice of
13 its financing application to its customers on May 30, 2000.

14 On June 30, 2000, the Company filed its rebuttal testimony.

15 On July 14, 2000, Staff filed its surrebuttal testimony.

16 On July 20, 2000, a petition signed by 136 residents in the Company's service territory was
17 filed opposing the rate increase, as well the notice given by the Company which was provided only in
18 English.

19 On July 21, 2000, the Company filed its rejoinder testimony.

20 On August 3, 2000, at the Commission's offices in Phoenix, Arizona, a hearing on the matter
21 was held and public comment was taken.

22 **DISCUSSION**

23 **Introduction**

24 Valley is a Class C water utility company that provides public utility water service to Arizona
25 customers. The Company was granted a Certificate of Convenience and Necessity in Decision No.
26 54274, dated December 20, 1934, to provide service to an area located approximately five miles west
27 of Glendale, Arizona in Maricopa County. This system provides service to about 610 customers
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1 during the 1998 Test Year. The Company's current rates were established in Decision No. 56604,
2 dated August 24, 1989.

3 The Staff Report indicates that the Company is in compliance with the Arizona Department of
4 Water Resources ("ADWR") and had minor deficiencies with the Maricopa County Environmental
5 Services Department ("MCESD"). The MCESD found minor deficiencies in the Operations and
6 Maintenance requirements for this system. These deficiencies included no Emergency Operation
7 plan, no Microbiological Site Sampling Plan, no Backflow Prevention Program, cracks in the slab at
8 the Wellsite and no screen on the storage tank overflow. However, during Staff's field inspection,
9 the Company demonstrated to Staff that these deficiencies were corrected.

10 The Company is currently delivering water that has no maximum contaminant level violations
11 and meets the quality standards of the Safe Drinking Water Act. Staff also concluded that the
12 Company is in compliance with all of its monitoring and reporting requirements.

13 Based on TY results, as adjusted by Staff, Valley suffered an operating loss of \$50,904 on
14 negative Original Cost Rate Base ("OCRB") of \$292,898 resulting in no rate of return. In its rate
15 application, Valley proposed rates that would yield a revenue level of \$432,301, which would result
16 in an operating income of \$46,065, for an operating margin of 10.66 percent and a Debt Service
17 Coverage ("DSC") ratio of 1.52. Staff recommended a revenue level of \$432,301, resulting in an
18 adjusted operating income of \$48,754, for an operating margin of 11.28 percent and a DSC ratio of
19 2.11.

20 Rate Base

21 The Company's application utilized a rate base of negative \$310,005. Staff's recommended
22 rate base is negative \$292,898 as a result of a few adjustments to the Company's application.

23 Staff's first set of adjustments affecting rate base were to Plant in Service. Staff is
24 recommending a Plant in Service decrease of \$11,490, from the Company proposed \$1,597,758 to the
25 Staff recommended Plant in Service of \$1,586,268. Staff's first adjustment decreased Plant in
26 Service by \$12,263 based on the difference between the Company's plant accounts beginning balance
27 of \$1,005,370 versus Staff's beginning balance of \$993,107 as approved in Decision No. 56604,
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1 dated August 24, 1989. Staff also made some reclassifications of items to account for the t
2 decrease of \$11,490 to \$1,586,268.

3 Staff's second set of adjustments affecting rate base were to the Accumulated Depreciation
4 balance. Staff's calculation for the balance of Accumulated Depreciation account totaled \$945,030,
5 versus the Company's balance of \$972,905. Staff began with the \$354,325 Accumulated
6 Depreciation balance approved in the last rate case, added the depreciation expense amounts for the
7 ensuing years and removed retirements in calculating the Test Year-end Accumulated Depreciation
8 balance of \$945,030.

9 Staff's final adjustment affecting rate base was an increase to the Operation and Maintenance
10 portion of the Working Capital Allowance by \$723 based on the Company's proposed amounts and
11 Staff's adjustments to Operating Expenses.

12 The Company rate base schedule indicates that the Company currently has a negative rate
13 base of \$310,005. Any formal cost of capital calculation would result in a zero or negative rate of
14 return on the Company's "investment." Therefore, Staff based its recommended rate of return on the
15 Water Infrastructure Financing Authority ("WIFA") DSC minimum ratio of 1.20. This ratio indicates
16 that for every dollar of debt approved in financing, the Company has \$1.20 available to service the
17 debt after operating expenses.

18 Revenue and Operating Expenses

19 Staff made no adjustments to the Operating Revenue section of the Company's application for
20 a rate increase. Both the Company and Staff utilized an Operating Revenue figure of \$325,084.

21 However, Staff reduced the Company's total operating expenses by \$10,248 as a result of
22 several adjustments.

23 Staff first and second adjustments were reclassifications. The first adjustment had the effect
24 of reducing the Repair and Maintenance account by \$1,412, from \$18,445 to the Staff recommended
25 amount of \$17,033. Staff's second adjustment increased the Water Testing expenses by \$4,157 to the
26 Staff recommended level of \$4,157.

27 Staff's third adjustment decreased Rents by \$2,400 from the Company's \$38,400 to Staff's
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1 recommendation of \$36,000 to reflect the costs shown in the rental agreement.

2 Staff's fourth adjustment decreased Depreciation expense by \$10,752. This adjustment is the
3 result of the Company's use of a five percent depreciation rate versus the individual rates
4 recommended by Engineering Staff. Staff utilized individual depreciation rates on a going-forward
5 basis to calculate the pro forma depreciation expense and applied the five percent depreciation rate up
6 through the Test Year.

7 Staff's fifth adjustment increased Property Tax expense by \$810 to reflect the Company's
8 most recently received tax bill.

9 Staff's sixth adjustment increased Income Tax expense by \$1,292 from negative \$1,242 to
10 \$50. The Company had included a negative tax based on the recorded loss. Staff then adjusted the
11 amount to the required State minimum tax fee of \$50.

12 Staff's seventh adjustment decreased Miscellaneous expense by \$1,943 from the Company
13 amount of \$14,674 to the Staff recommended \$12,731. Staff determined that the Company had
14 included the expense of personal long distance phone calls in the Test Year expense. After a
15 discussion between the parties, both Staff and the Company agreed that they should be excluded from
16 the cost of service.

17 Staff's final adjustment increased Interest expense by \$27,968 from negative \$23 to \$27,945,
18 to pro forma the interest expense associated with the long-term debt for which Staff is recommending
19 approval.

20 Staff's adjustments to revenues and operating expenses, as reflected in the Staff Report, are
21 reasonable and should be adopted.

22 Revenue Requirement and Rate Design

23 Both Staff and the Company agree on a Total Operating Revenue figure of \$432,301.
24 However, the Staff Report offered a rate design different from that proposed by the Company in its
25 application.

26 The Company currently charges 5/8 X 3/4 inch meter customers a monthly minimum of \$8.50
27 with usage charges of \$1.40 per thousand gallons up to 40,000 gallons usage, and \$1.68 per thousand
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1 gallons for usage over 40,000 gallons. In its application, the Company proposed a minimum cha
2 of \$9.60 for 5/8 X 3/4 inch meter customers, with a charge of \$1.85 per thousand gallons usage up to
3 30,000 gallons, and \$2.30 per thousand gallons for usage over 30,000 gallons.

4 The Staff Report also proposed a minimum charge of \$9.60 for 5/8 X 3/4 inch meter
5 customers, but with a charge of \$1.80 per thousand gallons usage up to 25,000 gallons, and \$2.20 per
6 thousand gallons for usage over 25,000 gallons. The Staff Report also proposed different rates for
7 every meter size than those rates proposed by the Company in its application.

8 In its Rebuttal testimony, the Company stipulated to Staff's proposed revenue requirement, as
9 well as Staff's proposed rates and rate design.

10 The Company, in its application, and Staff, in its Staff Report, had slightly different proposals
11 regarding the Service Line and Meter Installation Charges. However, in the Rejoinder testimony of
12 Robert Prince, the Company amended its proposed Service Line and Meter Installation Charges in
13 Exhibit B. The Company based its charges on the Commission Engineering Division's publication of
14 their estimated cost of Service Line and Meter Installation Charges which Staff believes to be
15 appropriate for regulated companies. At the hearing, Staff agreed to these charges as proposed in the
16 Company's Exhibit B.

17 Financing Request

18 On January 11, 2000, the Company filed an application for approval of long-term debt in the
19 amount of \$452,080 from WIFA and \$289,675 from Robert L. Prince, President and CEO of Valley,
20 and Barbara K. Prince, Secretary and Treasurer of Valley.

21 The purpose of the proposed WIFA debt is to provide funds to replace a water storage tank,
22 replace a booster pump, replace lines and valves, install new fire hydrants, and make other
23 improvements to the systems. The proposed Prince loan is for improvements to the system for
24 vehicles and for certain Central Arizona Project water allocation fees.

25 Staff is recommending approval of the WIFA loan, but not the Prince loan. The Company
26 currently has no long-term debt, but the Company's capital structure reflects negative equity of
27 \$264,404. Staff believes that the proposed WIFA loan is necessary to make needed improvements to
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1 the system and is consistent with sound financial practice. Staff Engineering has determined that the
2 improvements are appropriate and the cost estimates are reasonable.

3 Staff believes that approval of the Prince loan would be further detrimental to the capital
4 structure of the Company. Staff recommends that the proposed Prince loan of \$289,675 should not
5 be approved and that Company shareholders finance the remaining projects with equity.

6 At the hearing, the Company had no objection to Staff's recommendations regarding the
7 proposed WIFA and Prince loans.

8 Other Issues

9 Staff recommended in its Report, that \$6.35 per bill per month be escrowed in a separate,
10 interest bearing bank account to be used solely for the purpose of servicing the WIFA financing
11 requested in this case. While the Company agrees with the escrowing concept, it proposed an
12 approach slightly different from Staff. The Company proposed in the Rebuttal testimony of Mr. Dan
13 Niedlinger that a fixed total dollar amount that matches the debt service requirements on WIFA
14 borrowings be deposited monthly in a separate, interest bearing account. Actual debt service
15 requirements cannot be determined until the proposed financing is finalized and approved by WIFA.
16 In the Surrebuttal testimony of Mr. Brian Bozzo, Staff concurred with the Company's proposal. Staff
17 stated that the Company's proposal is efficient since it would put aside exactly the amount of funds
18 necessary for the repayment of the WIFA loan on a monthly basis.

19 The Company's proposal is more efficient and accurate and will prevent excess funds in the
20 escrow account. The Company's proposal regarding the payback of the WIFA loan takes the more
21 reasonable approach and should be adopted. However, the debt service requirement is not known at
22 this time. Therefore, it is reasonable for the Company to set aside \$6.35 per bill per month in a
23 separate, interest bearing account to be used solely for the purposed of servicing the WIFA financing,
24 until the debt service requirement is known when the proposed financing is finalized and approved by
25 WIFA.

26 Staff indicated in its Report that the Company was not following the National Association of
27 Regulatory Commissioners ("NARUC") system of accounts. However, Mr. Dan L. Niedlinger in his
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1 Rebuttal testimony on behalf of the Company, indicated that the Company is currently maintaining
2 books and records in accordance with NARUC. Furthermore, Exhibit A of Mr. Robert L. Prince's
3 Rejoinder testimony displays the Company's general ledger which shows that the Company is in
4 compliance with NARUC standards. At the hearing, Mr. Brian Bozzo testified on behalf of Staff that
5 the Company is in compliance with NARUC standards and practices.

6 Staff also recommends that in addition to the collection of its regular rates and charges, the
7 Company should collect from its customers their proportionate share of any Privilege, Sales, or Use
8 Tax where appropriate, as provided for in A.A.C. R14-2-608.D.3.

9 Staff further recommends that the Company be ordered to file a revised tariff amending the
10 uninterrupted service verbiage to comply with Arizona Administrative Code and Decision No.
11 56604. Staff recommends that this revised Tariff be submitted within 30 days of a Commission
12 decision in this matter to the Utilities Division Director for approval.

13 * * * * *

14 Having considered the entire record herein and being fully advised in the premises, the
15 Commission finds, concludes, and orders that:

16 **FINDINGS OF FACT**

17 1. Valley is an Arizona Corporation that was granted a Certificate of Convenience and
18 Necessity in Decision No. 54274, dated December 20, 1984, to provide service to an area located
19 approximately five miles west of Glendale, Arizona in Maricopa County.

20 2. Valley is a Class C water utility company that provides public utility water service to
21 Arizona customers.

22 3. Valley's system provided service to about 610 customers during the 1998 Test Year.

23 4. The Company's current rates were established in Decision No. 56604, dated August
24 24, 1989.

25 5. On October 7, 1999 and as amended on November 23, 1999, Valley filed with the
26 Commission an application for a rate increase.

27 6. On January 11, 2000, the Company filed an application for approval of financing in
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1 the amount of \$741,755.

2 7. On January 19, 2000, the Commission's Utilities Division Staff filed a letter notifying
3 the Company that its application met the sufficiency requirements outlined in A.A.C. R14-2-103 and
4 classifying the Company as a Class C utility.

5 8. After a request by the Company on January 28, 2000 to extend the hearing date, a
6 Procedural Order was issued on February 3, 2000 setting the hearing for August 3, 2000.

7 9. On April 13, 2000, the Company filed an Affidavit of Mailing indicating that it mailed
8 notice of its application for an increase in rates to its customers on February 28, 2000.

9 10. On May 24, 2000, the matters were consolidated by Procedural Order.

10 11. On June 2, 2000, Staff filed its Staff Report. The Staff Report recommended:

- 11 a) approval of its proposed rates and charges;
- 12 b) that the Company collect from its customers their proportionate share of any
13 Privilege, Sales, or Use Tax where appropriate, as provided for in A.A.C. R14-2-
14 608.D.3;
- 15 c) that Valley be ordered to maintain its books and records in accordance with the
16 NARUC Uniform System of Accounts for water utilities;
- 17 d) that the Company be ordered to file a revised tariff amending the uninterruptible
18 service verbiage to comply with Arizona Administrative Code and Decision No.
19 56604. This tariff should be submitted within 30 days of a Commission decision
20 in this matter to the Utilities Division Director for approval;
- 21 e) that \$6.35 per bill, per month be set aside in a separate, interest bearing bank
22 account to be used solely for the purpose of servicing the WIFA loan, and;
- 23 f) that the WIFA loan in the amount of \$452,080 be approved and the Prince loan in
24 the amount of \$289,675 be denied.

25 12. On June 8, 2000, the Company filed an Affidavit of Mailing indicating that it mailed
26 notice of its financing application to its customers on May 30, 2000.

27 13. On July 20, 2000, a petition signed by 136 residents in the Company's service territory
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1 was filed opposing the rate increase as well the notice given by the Company since it was provi
 2 only in English and many residents of the area only speak Spanish.

3 14. On August 3, 2000, at the Commission's offices in Phoenix, Arizona, a hearing on the
 4 matter was held.

5 15. In its rate application, Valley proposed rates that would yield a revenue level of
 6 \$432,301, which would generate an operating income of \$46,065, for an operating margin of 10.66
 7 percent and a DSC ratio of 1.52.

8 16. Staff recommended a revenue level of \$432,301, which would result in an adjusted
 9 operating income of \$48,754, for an operating margin of 11.28 percent and a DSC ratio of 2.11.

10 17. In its Rebuttal and Rejoinder testimony, Valley concurs with Staff's recommended
 11 revenue requirement, proposed rates, and rate design.

12 18. Valley's present and proposed rates and charges, as well as Staff's proposed rates and
 13 charges are as follows:

	Present Rates	Proposed Rates Company	Staff
16 <u>Monthly Usage Charges</u>			
17 5/8" x 3/4" Meter	\$8.50	\$9.60	\$9.60
17 3/4" Meter	N/A	13.00	14.50
18 1" Meter	17.00	21.00	24.00
18 1 1/2" Meter	31.00	40.00	48.00
19 2" Meter	49.00	64.00	77.00
19 3" Meter	60.00	79.00	144.00
20 4" Meter	80.00	105.00	240.00
20 6" Meter	125.00	170.00	480.00
21 Gallons in Minimum	1,000	0	0
22 Charge per 1,000 gallons:			
23 First 40,000 gallons of usage	\$1.40		
23 All usage over 40,000 gallons	\$1.68		
24 First 30,000 gallons of usage		\$1.85	
24 All usage over 30,000 gallons		\$2.30	
25 First 25,000 gallons of usage			\$1.80
25 All usage over 25,000 gallons			\$2.20
26 ...			
27 ...			
28 ...			

1	<u>Service Line and</u>			
	<u>Meter Installation Charges</u>			
2	5/8" x 3/4" Meter	\$150.00	\$375.00	\$375.00
	3/4" Meter	170.00	450.00	435.00
3	1" Meter	210.00	500.00	510.00
	1 1/2" Meter	350.00	700.00	740.00
4	2" Meter Turbo	500.00	1,250.00	1,300.00
	3" Meter Turbo	875.00	1,800.00	1,855.00
5	4" Meter Turbo	1,550.00	2,750.00	2,870.00
	6" Meter Turbo	3,200.00	6,700.00	5,375.00
6				
7	<u>Service Charges</u>			
	Establishment	\$25.00	\$30.00	\$30.00
8	Establishment (After Hours)	40.00	55.00	45.00
	Reconnection (Delinquent)	30.00	40.00	40.00
9	Meter Test (If Correct)	30.00	30.00	30.00
	Deposit	*	*	*
10	Deposit Interest	*	*	*
	Re-Establishment (Within 12 Months)	**	**	**
11	NSF Check	20.00	30.00	25.00
	Deferred Payment	1.5%	1.5%	1.5%
12	Meter Re-Read (If Correct)	10.00	10.00	10.00

13 * Per Commission Rules (R14-2-403.B)

14 ** Months off system times the minimum (R14-2-403.D).

15 12. Valley's fair value rate base ("FVRB") as indicated by the Staff Report, is determined
16 to be negative \$292,898. The Company's FVRB is the same as its OCRB.

17 13. Valley's current rates and charges, as adjusted by Staff, produced water revenues of
18 \$308,109 in the TY and resulted in an operating loss of \$50,904.

19 14. Staff's adjustments to revenues and expenses, as reflected in the Staff Report, are
20 reasonable.

21 15. The rates proposed by Staff, and subsequently accepted by the Company, would
22 increase the median 5/8" x 3/4" meter bill by 31.3 percent from \$17.31 to \$22.73, and the average
23 5/8" x 3/4" meter bill by 30.8% from \$20.73 to \$27.13.

24 16. Staff's recommended rates and charges are just and reasonable.

25 17. The Company filed an application for approval of long-term debt in the amount of
26 \$452,080 from WIFA and \$289,675 from Robert L. Prince, President and CEO of Valley, and
27 Barbara K. Prince, Secretary and Treasurer of Valley.

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18. The purpose of the proposed WIFA debt is to provide funds to replace a water storage tank, replace a booster pump, replace lines and valves, install new fire hydrants, and make other improvements to the systems.

19. The proposed Prince loan is for improvements to the system for vehicles and for certain Central Arizona Project water allocation fees.

20. Staff is recommending approval of the WIFA loan.

21. Staff Engineering has determined that the improvements are appropriate and the cost estimates are reasonable.

22. Staff recommends that the proposed Prince loan of \$289,675 should not be approved since the Company has a negative equity of \$264,404 and approval of the Prince loan would be detrimental to the Company's capital structure.

23. Staff recommended that the Company shareholders finance the remaining projects with equity.

24. At the hearing, the Company had no objection to Staff's recommendations regarding the proposed WIFA and Prince loans.

25. Staff proposed that \$6.35 per bill, per month be set aside in a separate, interest bearing account to be used to service the WIFA loan.

26. The Company proposed that rather than set aside a fixed dollar amount per bill in the escrow account, it should set aside the amount of funds equivalent to the annual debt service requirements of the WIFA loan and set aside one-twelfth on a monthly basis.

27. The Company's proposal will offer the more accurate set aside amount, is more practical, and should be adopted.

28. Staff has indicated that the Company is current on all of its property and sales taxes.

29. The Company is in compliance with the Arizona Department of Water Resources ("ADWR").

30. The MCESD found minor deficiencies in the Operations and Maintenance requirements for this system. These deficiencies included no Emergency Operation plan, no

1 Microbiological Site Sampling Plan, no Backflow Prevention Program, cracks in the slab at the
2 Wellsite and no screen on the storage tank overflow. However, during Staff's field inspection, the
3 Company noted that these deficiencies were corrected.

4 31. Valley is currently delivering water that meets the quality standards of the Safe
5 Drinking Water Act.

6 32. Valley is in compliance with all of its monitoring and reporting requirements.
7

8 **CONCLUSIONS OF LAW**

9 1. Valley is a public service corporation within the meaning of Article XV of the Arizona
10 Corporation Commission and A.R.S. Sections 40-250, 40-251, 40-301, 40-302 and 40-303.

11 2. The Commission has jurisdiction over Valley and of the subject matter of the
12 applications.

13 3. Notice of the applications was provided in the manner prescribed by law.

14 4. The rates and charges authorized hereafter are just and reasonable and should be
15 approved without a hearing.

16 5. The financing approved herein is for lawful purposes, within Valley's corporate
17 powers, is compatible with the public interest, with sound financial practices, with proper
18 performance by Valley of service as a public service corporation, and will not impair Valley's ability
19 to perform that service.

20 6. The financing approved herein is for the purposes stated in the application and is
21 reasonably necessary for those purposes, and such purposes are not, wholly or in part, reasonably
22 chargeable to operating expenses or to income.

23 **ORDER**

24 IT IS THEREFORE ORDERED that Valley Utilities Water Company, Inc. shall file on or
25 before September 29, 2000, the following schedule of rates and charges:
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2 MONTHLY USAGE CHARGES

3	5/8" x 3/4" Meter	\$9.60
3	3/4" Meter	14.50
	1" Meter	24.00
4	1 1/2" Meter	48.00
	2" Meter	77.00
5	3" Meter	144.00
	4" Meter	240.00
6	6" Meter	480.00

7

8	Charge per 1,000 Gallons:	
	Usage from 1 - 25,000 gallons	\$1.80
	Usage over 25,000 gallons	\$2.20

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SERVICE LINE AND METER11 INSTALLATION CHARGES

(Refundable Pursuant to A.A.C. R14-2-405(B))

12	5/8" x 3/4" Meter	\$455.00
13	3/4" Meter	515.00
	1" Meter	590.00
14	1 1/2" Meter	820.00
	2" Turbine Meter	1,380.00
15	2" Compound Meter	2,010.00
	3" Turbine Meter	1,935.00
16	3" Compound Meter	2,650.00
	4" Turbine Meter	3,030.00
17	4" Compound Meter	3,835.00
	6" Turbine Meter	5,535.00
18	6" Compound Meter	7,130.00

19 SERVICE CHARGES

20	Establishment	\$30.00
	Establishment (After Hours)	45.00
	Reconnection (Delinquent)	40.00
21	Meter Test (If Correct)	30.00
	Deposit	*
22	Deposit Interest	*
	Re-Establishment (Within 12 Months)	**
23	NSF Check	25.00
	Deferred Payment (Per Month)	1.5%
24	Meter Re-Read (If Correct)	10.00

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* Per Commission Rules (R14-2-403.B).

26

** Months off system times the minimum (R14-2-403.D).

27

IT IS FURTHER ORDERED the aforementioned rates shall become effective as of October

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1, 2000.

1 IT IS FURTHER ORDERED that Valley Utilities Water Company, Inc. shall notify its
2 customers of the rates and charges authorized herein and the effective date of same by means of an
3 insert in its next regular monthly billing.

4 IT IS FURTHER ORDERED that Valley Utilities Water Company, Inc. shall file with the
5 Commission within 60 days from the effective date of this Decision a copy of the notice it sends to its
6 customers of the new rates and charges.

7 IT IS FURTHER ORDERED that Valley Utilities Water Company, Inc. shall collect from its
8 customers their proportionate share of any Privilege, Sales, or Use Tax where appropriate, as
9 provided for in A.A.C. R14-2-608.D.3.

10 IT IS FURTHER ORDERED that Valley Utilities Water Company, Inc. shall file a revised
11 tariff amending the uninterruptible service verbiage from Sheet No. 16, Items C and D, to comply
12 with Decision No. 56604. This revised tariff must be filed within 30 days of a Commission decision
13 in this matter for approval by the Utilities Division Director.

14 IT IS FURTHER ORDERED that Valley Utilities Water Company, Inc.'s request for
15 approval of the WIFA loan in the amount of \$452,080 is hereby approved.

16 IT IS FURTHER ORDERED that Valley Utilities Water Company, Inc. shall set aside the
17 amount of funds equivalent to the annual debt service requirements of the WIFA loan and set aside
18 one-twelfth on a monthly basis when the amount of the debt service requirement becomes known to
19 the Company. Until such time as that amount is known, the Company shall set aside \$6.35 per bill
20 per month in a separate, interest bearing account to be used solely for the purpose of servicing the
21 WIFA financing.

22 IT IS FURTHER ORDERED that Valley Utilities Water Company, Inc. shall submit
23 information detailing the amount of the debt service requirement on the WIFA loan to the Utilities
24 Division Director within 60 days of a Decision in this matter.

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IT IS FURTHER ORDERED that Valley Utilities Water Company, Inc.'s request approval of the Prince loan in the amount of \$289,675 is hereby denied.

IT IS FURTHER ORDERED that Valley Utilities Water Company, Inc. is hereby authorized to engage in any transactions and to execute any documents necessary to effectuate the authorization granted hereinabove.

IT IS FURTHER ORDERED that such authority is expressly contingent upon Valley Utilities Water Company, Inc.'s use of the proceeds for the purposes set forth in its application.

IT IS FURTHER ORDERED that approval of the financing set forth hereinabove does not constitute or imply approval or disapproval by the Commission of any particular expenditure of the proceeds derived thereby for purposes of establishing just and reasonable rates.

IT IS FURTHER ORDERED that Valley Utilities Water Company, Inc. shall file copies of all executed financing documents setting forth the terms of the financing, within 30 days of the obtaining such financing

IT IS FURTHER ORDERED that this Decision 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 the Commission to be affixed at the Capitol, in the City of Phoenix, this 17th day of SEPT, 2000.


BRIAN C. McNEIL
EXECUTIVE SECRETARY

DISSENT _____
SG:bbs

1 SERVICE LIST FOR: Valley Utilities Water Company, Inc.
2 DOCKET NOS. W-01412A-99-0615 and W-01412B-00-0023

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