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Arizona Corporation Commission  
BEFORE THE ARIZONA CORPORATION COMMISSION

**DOCKETED**

AUG 30 2001

1  
2 WILLIAM A. MUNDELL  
CHAIRMAN  
3 JIM IRVIN  
COMMISSIONER  
4 MARC SPITZER  
COMMISSIONER

DOCKETED BY	VL
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5 IN THE MATTER OF THE APPLICATION OF  
6 JOSHUA VALLEY UTILITY COMPANY FOR A  
7 PERMANENT RATE INCREASE.

DOCKET NO. W-02023A-01-0187

DECISION NO. 64000

**ORDER**

8 Open Meeting  
9 August 28 and 29, 2001  
Phoenix, Arizona

10 **BY THE COMMISSION:**

11  
12 Having considered the entire record herein and being fully advised in the premises, the  
13 Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

14 **FINDINGS OF FACT**

- 15 1. Joshua Valley Utility Company is a C Corporation that was incorporated in Arizona in  
16 1966.
- 17 2. On March 2, 2001, Joshua Valley Utility Company ("Joshua Valley" or "Company")  
18 filed with the Commission an application for a permanent rate increase.
- 19 3. On April 5, 2001, the Commission's Utilities Division Staff ("Staff") notified the  
20 Company that its application was sufficient and classified the Company as a Class D utility.
- 21 4. On June 15, 2001, Staff filed its Staff Report recommending approval of its rates and  
22 charges, many of which differ from those proposed by the Company.
- 23 4. Joshua Valley services the unincorporated community of Meadview, Mohave County,  
24 Arizona.
- 25 5. Joshua Valley's current rates and charges were authorized in Decision No. 58099  
26 (December 9, 1992).  
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1 6. The Company provided notice of the requested rate increase to its customers on March  
2 1, 2001 by first-class mail.

3 7. The Commission has received one verbal comment, no petitions and no written  
4 correspondences opposing the amount of the rate increase.

5 8. The Company had approximately 700 customers at the end of the 2000 Test Year. Of  
6 those 700 customers, approximately 650 were 5/8 x 3/4-inch meter customers.

7 9. The median monthly usage for 5/8 x 3/4-inch meter customers is 1,402 gallons.

8 10. Based on the 2000 Test Year results, as adjusted by Staff, Joshua Valley realized an  
9 operating income of \$8,417 on an adjusted Original Cost Rate Base ("OCRB") of \$1,375,548,  
10 resulting in a .61 percent rate of return.

11 11. In its application, Joshua Valley requested total operating revenue of \$237,750, which  
12 based on Company-adjusted expenses of \$183,942, would result in an operating income of \$53,808  
13 and a rate of return of 3.91 percent on adjusted OCRB.

14 12. In the Staff Report, Staff recommended rates that produce operating revenue of  
15 \$245,227, which based on Staff-adjusted expenses of \$189,718, yields an operating income of  
16 \$55,509 and a 4.04 percent rate of return on adjusted OCRB.

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

	<u>Present, Rates</u>	<u>Proposed Rates Company</u>	<u>Staff</u>
19 <u>Monthly Usage Charges</u>			
20 5/8" x 3/4" Meter	\$12.50	\$15.00	\$13.50
21 3/4" Meter	18.87	22.50	25.00
22 1" Meter	31.25	38.50	35.00
23 1 1/2" Meter	62.50	75.00	80.00
24 2" Meter	100.00	125.00	180.00
25 3" Meter	0.00	0.00	200.00
26 4" Meter	0.00	0.00	300.00
27 6" Meter	0.00	0.00	600.00

1	Gallonage Charge – per 1,000 Gallons			
	1 – 5,000 Gallons	\$2.00	\$3.00	\$3.40
2	5,001 – 10,000 Gallons	2.50	3.30	N/A
	5,001 – 20,000 Gallons	N/A	N/A	3.90
3	10,001 – 20,000 Gallons	3.00	4.00	N/A
4	In excess of 20,000 Gallons	3.00	4.00	4.25
	Coin Meter/Bulk (charge per 1,000 Gallons)	3.50	4.00	5.00
5				
	<u>Service Line and Meter Installation Charges</u>			
6	5/8" x 3/4" Meter	\$280.00	\$320.00	\$320.00
7	3/4" Meter	310.00	350.00	350.00
	1" Meter	360.00	400.00	400.00
8	1 1/2" Meter	552.00	615.00	615.00
	2" Meter	779.00	850.00	850.00
9	3" Meter	0.00	0.00	0.00
	4" Meter	0.00	0.00	0.00
10	6" Meter	0.00	0.00	0.00
11				
	<u>Service Charges</u>			
12	Establishment	\$35.00	\$45.00	\$35.00
	Establishment (After Hours)	50.00	60.00	52.50
13	Reconnection (Delinquent)	50.00	60.00	50.00
	Meter Test (If Correct)	25.00	35.00	25.00
14	Deposit	*	*	*
	Deposit Interest	*	*	*
15	Re-Establishment (Within 12 Months)	**	**	**
16	NSF Check	0.00	20.00	20.00
	Deferred Payment	12.00%	12.00%	18.00%
17	Meter Re-Read (If Correct)	\$10.00	\$15.00	\$15.00
18				
	<u>Monthly Service Charge for Fire Sprinkler</u>			
19	4" or smaller	\$0.00	\$0.00	***
	6"	0.00	0.00	***
20	8"	0.00	0.00	***
	10"	0.00	0.00	***
21	Larger than 10"	0.00	0.00	***

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

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

\*\*\* 1.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than \$5.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.

14. Staff's adjustments increased the Company-proposed rate base by \$459,915, from \$915,633 to \$1,375,548. Staff's primary rate base adjustments are for plant previously considered

1 not used and useful in the last rate case that is now in service. Staff's adjustments to rate base, as  
2 reflected in the Staff Report, are reasonable and should be adopted. Joshua Valley's Fair Value Rate  
3 Base ("FVRB") is determined to be \$1,375,548. The Company's FVRB is the same as its OCRB.

4 15. Staff's adjustments to Operating Expenses resulted in a decrease of \$2,291, from  
5 \$183,942 to \$181,651. Staff recommended depreciation rates for individual plant categories. Staff's  
6 adjustments to revenues and expenses, as reflected in the Staff Report, are reasonable.

7 16. Based on the rates proposed by the Company, the typical residential bill for a 5/8 x  
8 3/4-inch meter customer having a median usage of 1,402 gallons would increase from \$15.30 to  
9 \$19.20 for an increase of \$3.90, or 25.50 percent.

10 17. Based on the rates proposed by Staff, the typical residential bill for a 5/8 x 3/4-inch  
11 meter customer having a median usage of 1,402 gallons would increase from \$15.30 to \$18.26 for an  
12 increase of 2.96, or 19.36 percent.

13 18. Staff recommended its proposed rates and charges be granted without a hearing.

14 19. Staff recommended that, in addition to the collection of the Company's regular rates  
15 and charges, Joshua Valley shall collect from its customers their proportionate share of any Privilege,  
16 State, or Use Tax as provided for in Commission Rules.

17 20. The Company's application states that an increase in rates is necessary to fund plant  
18 improvements of approximately \$118,000. Staff finds all the projected plant improvements are in the  
19 public's interest and considers the cost estimates reasonable. Staff believes the Company should  
20 explore the possibility of financing the projects through the Water Infrastructure Finance Authority  
21 ("WIFA").

22 21. Staff found that the Company's water storage was adequate and water loss was within  
23 acceptable limits.

24 22. Staff has indicated that the Company is current on all of its property tax payments to  
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1 Mohave County and in its collection and remittance of the State Sales Taxes.

2 23. The Arizona Department of Environmental Quality has determined that this system is  
3 currently delivering water that does not exceed any MCL (maximum contaminant level) and meets  
4 the water quality standards of the Safe Drinking Water Act.

5 24. Joshua Valley is not located within an Active Management Area, and therefore is not  
6 subject to the Arizona Department of Water Resources conservation and monitoring requirements.

7 25. No objections to the Staff Report and its adjusted rates and charges were filed by the  
8 Company.  
9

### 10 CONCLUSIONS OF LAW

11 1. Joshua Valley Utility Company is a public service corporation within the meaning of  
12 Article XV of the Arizona Corporation Commission and A.R.S. Sections 40-250 and 40-251.

13 2. The Commission has jurisdiction over Joshua Valley Utility Company and of the  
14 subject matter of the application.

15 3. Notice of the application was provided in the manner prescribed by law.

16 4. The rates and charges authorized hereafter are just and reasonable and should be  
17 approved without a hearing.  
18

19 5. Staff's recommendations set forth in Findings of Fact Nos. 13, 14, 15, and 19 are  
20 reasonable and should be adopted.  
21

### 22 ORDER

23 IT IS THEREFORE ORDERED that Joshua Valley Utility Company shall file on or  
24 before August 31, 2001, the following schedule of rates and charges:

#### 25 MONTHLY USAGE CHARGES

26 5/8" x 3/4" Meter	\$13.50
27 3/4" Meter	25.00
1" Meter	35.00
1 1/2" Meter	80.00
28 2" Meter	180.00

1	3" Meter	200.00
	4" Meter	300.00
2	6" Meter	600.00
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4	<u>COMMODITY RATES (per 1,000 gallons)</u>	
	1 - 5,000 Gallons	\$3.40
5	5001 - 20,000 Gallons	3.90
6	In excess of 20,000 Gallons	4.25
7	Coin Meter/Bulk (Charge per 1,000 gallons)	\$5.00
8		
9	<u>SERVICE LINE AND METER</u>	
	<u>INSTALLATION CHARGES</u>	
10	(Refundable Pursuant to A.A.C. R14-2-405(B))	
11	5/8" x 3/4" Meter	\$320.00
	3/4" Meter	350.00
12	1" Meter	400.00
	1 1/2" Meter	615.00
13	2" Meter	850.00
	3" Meter	0.00
14	4" Meter	0.00
15	6" Meter	0.00
16	<u>SERVICE CHARGES</u>	
	Establishment	\$35.00
17	Establishment (After Hours)	52.50
	Reconnection (Delinquent)	50.00
18	Meter Test (If Correct)	25.00
19	Deposit	*
	Deposit Interest	*
20	Re-Establishment (Within 12 Months)	**
	NSF Check	\$20.00
21	Deferred Payment (Per Annum)	18.00%
22	Meter Re-Read (If Correct)	\$15.00
23	<u>MONTHLY SERVICE CHARGE FOR FIRE</u>	
	<u>SPRINKLER</u>	
24	4" or smaller	***
	6"	***
25	8"	***
	10"	***
26	Larger than 10"	***
27		
28	* Per Commission Rules (R14-2-403.B).	



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SERVICE LIST FOR:

JOSHUA VALLEY UTILITY COMPANY

DOCKET NO.:

W-02023A-01-0187

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