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NEW APPLICATION

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Arizona Corporation Commission
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DOCKETED BY

4 Attorneys for Gold Canyon Sewer Company

6 BEFORE THE ARIZONA CORPORATION COMMISSION

7 IN THE MATTER OF THE
8 APPLICATION OF GOLD CANYON
SEWER COMPANY FOR APPROVAL
9 OF A REVISED TARIFF REDUCING
10 THE COMMODITY RATE FOR
EFFLUENT SALES

DOCKET NO.: SW-02519A-03-0385

11 NOTICE OF FILING REVISED TARIFF
FOR A REDUCTION IN THE
COMMODITY RATE FOR EFFLUENT
SALES

12 Pursuant to A.R.S. §40-367, Gold Canyon Sewer Company ("GCSC" or
13 "Company") hereby gives notice of filing a revised Tariff Schedule ("Tariff"). The
14 revised Tariff reduces the present rate of \$265.24 per acre-foot for effluent sales to current
15 "market" rates. A copy of GCSC's revised Tariff is attached hereto as Exhibit 1. The
16 reason for this revised Tariff is two-fold: (1) to promote groundwater conservation by
17 making the use of effluent in new and existing developments a viable economic
18 alternative; and (2) to maintain and enhance the public health, safety and welfare by
19 enhancing GCSC's ability to dispose of treated effluent.

20 GCSC's present rates for wastewater service were established in Decision No.
21 64186 (October 30, 2001), and became effective November 1, 2001. The present
22 commodity rate for effluent sales by GCSC is \$0.814 per 1,000 gallons. As a result,
23 potential purchasers generally look elsewhere for less costly sources of water, including
24 groundwater for non-potable uses. Rapid development within and around GCSC's present
25 CC&N has steadily increased in recent years causing greater demand on groundwater and
26 renewable water sources. At the same time, rapid growth has created a need for the

1 proper treatment and disposal of effluent from treating increased wastewater flows. A
2 reduction in GCSC's present commodity rate for effluent sales will not only provide a
3 viable economic alternative to other potable and non-potable resources but will also
4 contribute to overall water conservation efforts in Arizona by reducing reliance on the use
5 of groundwater.

6 In fact, GCSC believes that developers are interested in using effluent for new and
7 existing subdivisions within Pinal County. However, GCSC's present rate for effluent
8 makes any such uses cost prohibitive to these developers, limiting the Company's ability
9 to dispose of its effluent wastewater in an economic and efficient manner. Thus, reducing
10 the rate of effluent sales to "market" prices serves the public interest by promoting sales
11 of effluent to developers in the area of GCSC's CC&N. In order to promote the use of
12 effluent in Pinal County, the Company has tentatively set its market price at
13 approximately eighty-five percent (85%) of the current rate for Central Arizona Project
14 (CAP) water, or a fifteen percent (15%) savings to any potential buyer of GCSC's
15 effluent. The current base-rate price for CAP water is \$120 per acre-foot, plus an
16 allowance for pumping costs bringing the average cost in the order of \$150 per acre-foot.

17 The Commission recently followed a similar approach for another wastewater
18 utility. In Decision No. 65436 (December 9, 2002)¹, the Commission approved a
19 settlement agreement in which it was agreed the rate for the sale of effluent or reclaimed
20 water would be based on "market" rates. Thus, although the rate authorized in Decision
21 No. 75436 will fluctuate, the maximum effluent rate is capped at \$430 per acre-foot based
22 on a potable water rate of \$1.32 per thousand gallons. Similarly, GCSC's rate for effluent
23 under its revised Tariff will not exceed its present rate of \$0.814 per 1,000 gallons, or
24 \$265.24 per acre-foot. As a consequence, the requested Tariff change for effluent sales is

25 _____
26 ¹ *In the Matter of the Application of Litchfield Park Service Company for an Increase in its Water and Wastewater Rates for Customers within Maricopa County, Arizona.* Docket No. W-01427A-01-0487, WS-01428A-01-0487.

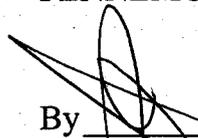
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revenue neutral and a rate case is not required. See A.R.S. §40-250(A).

Accordingly, GCSC hereby provides notice of a change in its rate for sale of its effluent to a market rate not to exceed \$0.814 per 1,000 gallons, or \$265.24 per acre-foot.

RESPECTFULLY SUBMITTED this 6th day of June, 2003.

FENNEMORE CRAIG



By _____
Jay L. Shapiro
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Original and 13 copies were filed this 6th day of June, 2003, with:

Docket Control
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and a copy to:

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EXHIBIT 1

SEWER TARIFF SCHEDULE

Utility: Gold Canyon Sewer Company
 Docket No.: SW-

Page 1 of 1
 Decision No.: _____
 Effective: _____

Rates and Charges

Customer Classification	Current Rates	Notes
Charges		
Residential	\$35.00	Per Month
Commercial (non-residential)	\$0.175	Per gallon per day
Effluent/Reclaimed Non-potable Water Sales	Market Rate	
Residential (Area < 700 ft ²)	\$19.09	Per dwelling
Residential (Homeowners' Association)	\$31.82	Per dwelling
Service Charges		
Establishment	\$25.00	
Establishment (After hours)	\$50.00	
Re-establishment (within 12 months)	See Note 1	
Re-establishment (After hours)	\$40.00	
Reconnection (Delinquent)	See Note 2	
Reconnection (Delinquent and after hours)	\$30.00	
Minimum Deposits		
Residential	2 x Average Bill	
Non-Residential	2.5 x Average Bill	
Deposit Interest	Per Rule	
Miscellaneous Charges		
NSF Check	\$10.00	
Deferred Payment Finance Charge	1.50%	Per month
Late Payment Penalty	1.50%	Per month
Main Extension Tariff	Cost	Per Rule R14-2-406B
Hook-Up Fee for New Service	See Note 3	

Notes

1. Minimum charge times the number of full months disconnected.
2. Actual Cost of physical disconnection (if same customer) and there shall be no charge if there is no physical work performed.
3. Hook-Up Fee Charge Table (as per Tariff Schedule):

Service Line Size	Fee
4-inch	\$ 900
6-inch	\$2,025
8-inch	\$3,600
Larger than 8-inch	\$5,625