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OPEN MEETING ORIGINAL

MEMORANDUM

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Arizona Corporation Commission

TO: THE COMMISSION

DOCKETED

2003 OCT 24 P 3:18

FROM: Utilities Division

OCT 24 2003

AZ CORP COMMISSION
DOCUMENT CONTROL

DATE: October 24, 2003

DOCKETED BY

RE: IN THE MATTER OF THE APPLICATION OF GOLD CANYON SEWER COMPANY FOR APPROVAL OF A REVISED TARIFF REDUCING THE COMMODITY RATE FOR EFFLUENT SALES (DOCKET NO. SW-02519A-03-0385)

On June 6, 2003, the Gold Canyon Sewer Company (the "Company") submitted a revision to its wastewater tariffs. Specifically, the Company proposed to change its effluent rate from \$0.814 per 1,000 gallons to an undefined market rate. The Commission suspended the revised tariff at the July 1, 2003, Open Meeting. The tariff was suspended through October 29, 2003, in Decision No. 66029.

On October 2, 2003, the Company filed a Request For Extension of Time For Suspension of Tariff. The Company requested that the suspension continue through December 16, 2003.

On October 17, 2003, the Company filed a Withdrawal of Request For Extension of Time For Suspension of Tariff. The Company suggested immediate approval of its requested tariff revisions.

On October 21, 2003, at its regular Open Meeting the Commission suspended the tariff for a second time. The tariff was suspended through April 24, 2004.

The Company sold 83,400,000 gallons (or 256 acre-feet) of treated effluent in 2002, according to a response to Staff's data request. The Company expects to sell 627 acre-feet in 2004 at the market rate, which was tentatively set at 85% of the current rate for Central Arizona Project water or \$150 per acre-foot (including pumping costs). Eight-five percent of \$150 per acre-foot is \$127.50 per acre-foot.

In the Company's last rate order, Decision No. 64186 dated October 30, 2001, the Company's fair value rate base was \$3,797,387. This proposed tariff decrease is expected to result in an increase in 2004 revenues of approximately \$12,055, a pro forma 0.66% increase in 2002. Staff believes this pro forma revenue increase is *de minimis* in context of the public interest of reducing improper effluent discharges the Company has historically experienced.

Staff discussed the issues with the Company, and the parties agreed that a fixed tariff of \$127.50 per acre-foot (approximately \$.391 per 1,000 gallons) would be appropriate in lieu of the undefined "market rate" tariff as originally filed. This change would constitute a rate

THE COMMISSION

October 24, 2003

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decrease. Staff recommends that the Commission approve an effluent sales rate of \$127.50 per acre-foot.

Staff recommends the Company file tariff pages consistent with the decision in this matter within 30 days from the date of the order.



Ernest G. Johnson
Director
Utilities Division

EGJ:JST:lhm\DR

ORIGINATOR: John S. Thornton

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BEFORE THE ARIZONA CORPORATION COMMISSION

- MARC SPITZER
Chairman
- WILLIAM A. MUNDELL
Commissioner
- JEFF HATCH-MILLER
Commissioner
- MIKE GLEASON
Commissioner
- KRISTIN K. MAYES
Commissioner

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

DOCKET NO. SW-02519A-03-0385
DECISION NO. _____
ORDER

Open Meeting
November 4 and 5, 2003
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Gold Canyon Sewer Company ("Company") is certificated to provide wastewater service as a public service corporation in the State of Arizona.
2. On June 6, 2003, the Company filed an application to revise its wastewater tariffs. Specifically, the Company proposed to change its effluent rate from \$0.814 per 1,000 gallons to an undefined market rate.
3. On July 1, 2003, the Commission suspended the revised tariff in Decision No. 66029. The tariff was suspended through October 29, 2003.
4. On October 2, 2003, the Company filed a Request For Extension of Time For Suspension of Tariff. The Company requested that the suspension continue through December 16, 2003.
5. On October 17, 2003, the Company filed a Withdrawal of Request For Extension of Time For Suspension of Tariff. The Company suggested immediate approval of its requested tariff revisions.
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3. For purposes of evaluating this proposed rate decrease, \$3,797,387 is an appropriate fair value rate base.

4. Approval of the application does not constitute a rate increase as contemplated by A.R.S. § 40-250.

5. The Commission, having reviewed the applicable facts in this matter, concludes that the Staff's recommendation is reasonable and should be adopted.

ORDER

IT IS THEREFORE ORDERED that the effluent sales rate of \$127.50 per acre-foot as described above be and hereby is approved.

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IT IS FURTHER ORDERED that the Gold Canyon Sewer Company shall file tariff pages consistent with the terms of this Order within 30 days.

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

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

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 this Commission to be affixed at the Capitol, in the City of Phoenix, this ____ day of _____, 2003.

BRIAN C. McNEIL
Executive Secretary

DISSENT: _____

DISSENT: _____

EGJ:JST:lhm\DR

1 SERVICE LIST FOR: Gold Canyon Sewer Company
2 Docket No. SW-02519A-03-0385

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