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BEFORE THE ARIZONA CORPORATION COMMISSION

2006 JUN 29 P 3: 38

COMMISSIONERS

AZ CORP COMMISSION  
DOCUMENT CONTROL

JEFF HATCH-MILLER, Chairman  
MARK SPITZER  
WILLIAM A. MUNDELL  
MIKE GLEASON  
KRISTIN K. MAYES

IN THE MATTER OF THE APPLICATION  
OF GREEN ACRES WATER, L.L.C. FOR  
APPROVAL OF A CERTIFICATE OF  
CONVENIENCE AND NECESSITY,

DOCKET NO. W-20430A-05-0839

IN THE MATTER OF THE APPLICATION  
OF GREEN ACRES SEWER, L.L.C. FOR  
APPROVAL OF A CERTIFICATE OF  
CONVENIENCE AND NECESSITY

DOCKET NO. SW-20431A-05-0840

RESPONSE TO STAFF REPORT

Green Acres Water, L.L.C. and Green Acres Sewer, L.L.C. (collectively "Companies") pursuant to a June 23, 2006 Procedural Order hereby submit their Response to the Staff Report for Green Acres Water, L.L.C. and Green Acres Sewer, L.L.C. Applications for Certificates of Convenience and Necessity for Wastewater and Water Services dated June 16, 2006. On November 14, 2005, the Companies filed with the Arizona Corporation Commission ("Commission") applications for Certificates of Convenience and Necessity ("CC&N") to provide water and wastewater services to a proposed development located in Maricopa County east of Buckeye ("Applications").

Based upon Staff's review of the Applications, Staff is recommending conditional approval. Although the Companies do not object to a majority of the 14 conditions imposed on the Water Company and 13 conditions imposed on the Wastewater Company, the Companies believe that Condition 2 for the Water Company and Condition 2 for the Wastewater Company are not in the public interest and should not be adopted.

1           The rates that Staff is proposing for water and waste water are significantly higher than  
2 that contained in the initial Application and supporting exhibits. (See Exhibit 1 for Water Rates  
3 originally submitted and Exhibit 2 for Wastewater Rates originally submitted.) Staff objected to  
4 these rates as they did not provide an eight (8%) percent rate of return by the end of first five  
5 years of operation. Staff further stated that the Applications would not be approved unless the  
6 Companies achieved an eight (8%) percent rate of return, however did not identify the procedure  
7 or rule where this required rate is promulgated, nor does Staff cite any decision, statute, rule or  
8 policy directive of the Commission to support such a rate of return. The Applicants initial  
9 submission provided for a 7.48% rate of return in year 5 for the Water Company and a 1.8% rate  
10 of return in year 5 for the Wastewater Company, which the Applicants believe is prudent and  
11 beneficial to both the Companies and its customers. The Applicants revised their proposed rates  
12 in an Insufficiency Letter Response filed February 7, 2006, in response to Staff's requirement  
13 (See Exhibit 3 and Exhibit 4); however the Companies do not desire the higher rates and rate of  
14 return. The Company's witness, Ronald Kozoman, will further testify on this subject during the  
15 proceeding supporting the Company's original proposal and the resultant rate levels.

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RESPECTFULLY SUBMITTED this 29th day of June, 2006.

TIFFANY & BOSCO, P.A.

By:   
Beth A. Heath  
Tiffany & Bosco, P.A.  
Third Floor Camelback Esplanade II  
2525 East Camelback Road  
Phoenix, Arizona 85016-4237

Original and thirteen (13) copies  
of the foregoing were filed this  
29<sup>th</sup> day of June, 2006 with:  
Docket Control  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

1 Copies were mailed this  
29<sup>th</sup> day of June 2006:

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3 Mr. Christopher C. Kempley  
4 Chief, Legal Division  
5 Arizona Corporation Commission  
6 1200 West Washington Street  
7 Phoenix, Arizona 85007

8 Mr. Ernest G. Johnson  
9 Director, Utilities Division  
10 Arizona Corporation Commission  
11 1200 West Washington Street  
12 Phoenix, Arizona 85007

13 Ms. Lyn Farmer  
14 Chief, Hearing Division  
15 Arizona Corporation Commission  
16 1200 West Washington Street  
17 Phoenix, Arizona 85007

18 Mr. Carroll Reynolds, Town Manager  
19 Town of Buckeye  
20 100 E. Apache  
21 Buckeye, Arizona 85326

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ATTACHMENT "D"  
WATER TARIFF SCHEDULE

UTILITY: Green Acres Water Company

RATES AND CHARGES  
CUSTOMER / MINIMUM CHARGE  
PER MONTH

<u>METER</u>	<u>CHARGE</u>		<u>GALLONS</u>	<u>METER</u>	<u>CHARGE</u>
5/8 x 3/4	\$ 34.00	FOR	ZERO	5/8 x 3/4	\$ 470.00
3/4	\$ 34.00	FOR	ZERO	3/4	\$ 750.00
1	\$ 85.00	FOR	ZERO	1	\$ 650.00
1 1/2	\$ 170.00	FOR	ZERO	1 1/2	\$ 895.00
2	\$ 272.00	FOR	ZERO	2	\$ 1,555.00
3	\$ 544.00	FOR	ZERO	3	\$ 2,060.00
4	\$ 850.00	FOR	ZERO	4	\$ 2,235.00
6	\$ 1,700.00	FOR	ZERO	6	\$ 3,070.00
8	\$ 2,720.00	FOR	ZERO	8	Cost
10	\$ 3,910.00	FOR	ZERO	10	Cost
12	\$ 7,310.00	FOR	ZERO	12	Cost

COMMODITY CHARGE (EXCESS OF MINIMUM):

COMMODITY RATES / RESIDENTIAL METERS

<u>Usage From</u>	<u>Usage To</u>	<u>5/8 &amp; 3/4 Inch Meters</u>	<u>Charge Per 1,000</u>
-	7,000		\$ 3.50
7,001	14,000		\$ 4.50
14,001	Infinity		\$ 5.50

COMMODITY RATES / ALL OTHER METERS

<u>Usage From</u>	<u>Usage To</u>	<u>5/8 Inch Meters</u>	
1	8,000		\$ 4.50
8,001	Infinity		\$ 5.50
<b>3/4 Inch Meters</b>			
1	8,000		
8,001	Infinity		
<b>1 Inch Meters</b>			
1	35,000		\$ 4.50
35,001	Infinity		\$ 5.50
<b>1 1/2 Inch Meters</b>			
1	70,000		\$ 4.50
70,001	Infinity		\$ 5.50
<b>2 Inch Meters</b>			
1	112,000		\$ 4.50
112,001	Infinity		\$ 5.50
<b>3 Inch Meters</b>			
1	224,000		\$ 4.50
224,001	Infinity		\$ 5.50
<b>4 Inch Meters</b>			
1	350,000		\$ 4.50
350,001	Infinity		\$ 5.50

ATTACHMENT "D"  
WATER TARIFF SCHEDULE

UTILITY: Green Acres Water Company

RATES AND CHARGES

COMMODITY CHARGE (EXCESS OF MINIMUM):

Usage From	Usage To		Charge Per 1,000
-	-	<b>6 Inch Meters</b>	
1	700,000		\$ 4.50
700,001	Infinity		\$ 5.50
-	-	<b>8 Inch Meters</b>	
1	1,120,000		\$ 4.50
1,120,001	Infinity		\$ 5.50
-	-	<b>10 Inch Meters</b>	
1	1,610,000		\$ 4.50
1,610,001	Infinity		\$ 5.50
-	-	<b>12 Inch Meters</b>	
1	3,010,000		\$ 4.50
3,010,001	Infinity		\$ 5.50

SERVICE CHARGES:

1. ESTABLISHMENT (R14-2-403.D.1)	\$ 30.00	
2. ESTABLISHMENT / AFTER HOURS (R14-2-403.D.2)	\$ 50.00	
3. RECONNECTION / DELINQUENT (R14-2-403.D.1)	\$ 50.00	
4. NSF CHECK (R14-2-409.F.1)	\$ 30.00	
5. METER REREAD / IF CORRECT (R-14-408.C.2)	\$ 30.00	
6. METER TEST / IF CORRECT (R14-2-408.F.1)	\$ 30.00	
7. DEFERRED PAYMENT (R14-2-409.G.6)	1.50%	Per Month
8. DEPOSIT INTEREST (R14-2-408.B.3)		
9. DEPOSIT (R14-2-403.B.7)		per rule
10. REESTABLISHMENT WITHIN 12 MONTHS (R14-2-608.F.1)	(a)	
11. LATE PAYMENT PENALTY (R14-2-408.F.1)	1.50%	Per Month
12. All Revenue related taxes will be charged customers.		
Main Extension and additional facilities agreements,	@ COST	(b)

**RULES AND REGULATIONS**

\* The Company has adopted the Rules and Regulation established by the Commission as the basis for its operating procedures. Arizona Corporation Commission Rules will be controlling of Company procedures, unless specific Commission Orders provide otherwise.

(a) Monthly minimum times months off the system

(b) Cost to include parts, labor, overhead, and all applicable taxes, including income tax.

ATTACHMENT "D"  
WATER TARIFF SCHEDULE

UTILITY: Green Acres Water Company

RATES AND CHARGES

Off Site Facilities Hook-up Fee

<u>METER</u>	
5/8 x 3/4	\$ 2,500
3/4	\$ 2,500
1	\$ 6,250
1 1/2	\$ 12,500
2	\$ 20,000
3	\$ 40,000
4	\$ 62,500
6	\$ 125,000
8	\$ 200,000
10	\$ 287,500
12	\$ 537,500

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ATTACHMENT CW-4  
SEWER TARIFF SCHEDULE

UTILITY: Green Acres Sewer Company

RATES AND CHARGES

FLAT RATE

RESIDENTIAL AND COMMERCIAL  
BASED ON WATER METER SIZE

5/8 x 3/4 And	\$	36.00	PER MONTH
3/4	\$	36.00	PER MONTH
1	\$	90.00	PER MONTH
1 1/2	\$	180.00	PER MONTH
2	\$	288.00	PER MONTH
3	\$	576.00	PER MONTH
4	\$	900.00	PER MONTH
6	\$	1,800.00	PER MONTH

BASED ON WATER USAGE

RESIDENTIAL MINIMUM	N/A	FOR	N/A	GALLONS
EXCESS OF MINIMUM	N/A	FOR	N/A	GALLONS
COMMERCIAL MINIMUM	N/A	FOR	N/A	GALLONS
EXCESS OF MINIMUM	N/A	FOR	N/A	GALLONS

EFFLUENT SALES: (if applicable)

\$ 250.00	PER ACRE FOOT
\$ 0.77	PER 1,000 GALLONS

SERVICE LINE CONNECTION CHARGE      \$ 500.00 (TO BE CONTRIBUTED BY BUILDER)

SERVICE CHARGES:

1.	ESTABLISHMENT (R14-2-603.D.1)	\$ 30.00	
2.	RECONNECTION / DELINQUENT (R14-2-603.D.1)	\$ 50.00	
3.	DEPOSIT (R14-2-603.B.3)		per rule
4.	DEPOSIT INTEREST (R14-2-608.E.1)		% per rule
5.	REESTABLISHMENT WITHIN 12 MONTHS (R14-2-608.F.1)	(a)	
6.	NSF CHECK (R14-2-608.E.1)	\$ 35.00	
7.	LATE PAYMENT PENALTY (R14-2-608.F.1)	1.50%	Per Month
	DEFERRED PAYMENT PLAN	1.50%	Per Month

All Revenue related taxes will be charged customers.

Main Extension and additional facilities agreements,  
RULES AND REGULATIONS

@ COST (b)

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(a) Monthly minimum times months off the system

(b) Cost to include parts, labor, overhead, and all applicable taxes, including income tax if applicable.

ATTACHMENT D  
SEWER TARIFF SCHEDULE

UTILITY: Green Acres Sewer Company

RATES AND CHARGES

Off Site Facilities Hook-up Fee

<u>Meter Size</u>		<u>Total Fee</u>
5/8 x 3/4 And	\$	1,500
3/4	\$	1,500
1	\$	3,750
1 1/2	\$	7,500
2	\$	12,000
3	\$	24,000
4	\$	37,500
6	\$	75,000
8	\$	120,000
10	\$	172,500
12	\$	322,500

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ATTACHMENT "D"  
WATER TARIFF SCHEDULE

UTILITY: Green Acres Water Company

**RATES AND CHARGES**  
**CUSTOMER / MINIMUM CHARGE**  
**PER MONTH**

<u>METER</u>	<u>CHARGE</u>		<u>GALLONS</u>		<u>METER</u>	<u>CHARGE</u>
5/8 x 3/4	\$ 38.00	FOR	ZERO		5/8 x 3/4	\$ 470.00
3/4	\$ 38.00	FOR	ZERO		3/4	\$ 750.00
1	\$ 95.00	FOR	ZERO		1	\$ 650.00
1 1/2	\$ 190.00	FOR	ZERO		1 1/2	\$ 895.00
2	\$ 304.00	FOR	ZERO		2	\$ 1,555.00
3	\$ 608.00	FOR	ZERO		3	\$ 2,060.00
4	\$ 950.00	FOR	ZERO		4	\$ 2,235.00
6	\$ 1,900.00	FOR	ZERO		6	\$ 3,070.00
8	\$ 3,040.00	FOR	ZERO		8	Cost
10	\$ 4,370.00	FOR	ZERO		10	Cost
12	\$ 8,170.00	FOR	ZERO		12	Cost

**COMMODITY CHARGE (EXCESS OF MINIMUM):**  
**COMMODITY RATES / RESIDENTIAL METERS**

<u>Usage From</u>	<u>Usage To</u>	<b>5/8 &amp; 3/4 Inch Meters</b>	<b>Charge Per 1,000</b>
-	7,000		\$ 6.25
7,001	14,000		\$ 7.25
14,001	Infinity		\$ 8.25

**COMMODITY RATES / ALL OTHER METERS**

<u>Usage From</u>	<u>Usage To</u>	<b>5/8 Inch Meters</b>	
1	8,000		\$ 7.25
8,001	Infinity		\$ 8.25
		<b>3/4 Inch Meters</b>	
1	8,000		
8,001	Infinity		
		<b>1 Inch Meters</b>	
1	35,000		\$ 7.25
35,001	Infinity		\$ 8.25
		<b>1 1/2 Inch Meters</b>	
1	70,000		\$ 7.25
70,001	Infinity		\$ 8.25
		<b>2 Inch Meters</b>	
1	112,000		\$ 7.25
112,001	Infinity		\$ 8.25
		<b>3 Inch Meters</b>	
1	224,000		\$ 7.25
224,001	Infinity		\$ 8.25
		<b>4 Inch Meters</b>	
1	350,000		\$ 7.25
350,001	Infinity		\$ 8.25

ATTACHMENT "D"  
WATER TARIFF SCHEDULE

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Revised

UTILITY: Green Acres Water Company

RATES AND CHARGES

COMMODITY CHARGE (EXCESS OF MINIMUM):

Usage From	Usage To	Charge Per 1,000	
<b>6 Inch Meters</b>			
1	700,000	\$	7.25
700,001	Infinity	\$	8.25
<b>8 Inch Meters</b>			
1	1,120,000	\$	7.25
1,120,001	Infinity	\$	8.25
<b>10 Inch Meters</b>			
1	1,610,000	\$	7.25
1,610,001	Infinity	\$	8.25
<b>12 Inch Meters</b>			
1	3,010,000	\$	7.25
3,010,001	Infinity	\$	8.25

SERVICE CHARGES:

1. ESTABLISHMENT (R14-2-403.D.1)	\$ 30.00
2. ESTABLISHMENT / AFTER HOURS (R14-2-403.D.2)	\$ 50.00
3. RECONNECTION / DELINQUENT (R14-2-403.D.1)	\$ 50.00
4. NSF CHECK (R14-2-409.F.1)	\$ 30.00
5. METER REREAD / IF CORRECT (R-14-408.C.2)	\$ 30.00
6. METER TEST / IF CORRECT (R14-2-408.F.1)	\$ 30.00
7. DEFERRED PAYMENT (R14-2-409.G.6)	1.50% Per Month
8. DEPOSIT INTEREST (R14-2-408.B.3)	_____
9. DEPOSIT (R14-2-403.B.7)	_____ per rule
10. REESTABLISHMENT WITHIN 12 MONTHS (R14-2-608.F.1)	(a)
11. LATE PAYMENT PENALTY (R14-2-408.F.1)	1.50% Per Month
12. All Revenue related taxes will be charged customers. Main Extension and additional facilities agreements,	@ COST (b)

**RULES AND REGULATIONS**

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(a) Monthly minimum times months off the system

(b) Cost to include parts, labor, overhead, and all applicable taxes, including income tax.

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ATTACHMENT CW-4  
SEWER TARIFF SCHEDULE

UTILITY: Green Acres Sewer Company

RATES AND CHARGES

FLAT RATE

RESIDENTIAL AND COMMERCIAL  
BASED ON WATER METER SIZE

5/8 x 3/4 And	\$	43.00	PER MONTH
3/4	\$	43.00	PER MONTH
1	\$	107.50	PER MONTH
1 1/2	\$	215.00	PER MONTH
2	\$	344.00	PER MONTH
3	\$	688.00	PER MONTH
4	\$	1,075.00	PER MONTH
6	\$	2,150.00	PER MONTH

RESIDENTIAL MINIMUM	<u>N/A</u>	FOR	<u>N/A</u>	GALLONS
EXCESS OF MINIMUM	<u>N/A</u>	FOR	<u>N/A</u>	GALLONS
COMMERCIAL MINIMUM	<u>N/A</u>	FOR	<u>N/A</u>	GALLONS
EXCESS OF MINIMUM	<u>N/A</u>	FOR	<u>N/A</u>	GALLONS

EFFLUENT SALES: (if applicable)

\$ 350.00	PER ACRE FOOT
\$ 1.07	PER 1,000 GALLONS

SERVICE LINE CONNECTION CHARGE TO BE CONTRIBUTED BY BUILDER

SERVICE CHARGES:

1.	ESTABLISHMENT (R14-2-603.D.1)	\$ 30.00
2.	RECONNECTION / DELINQUENT (R14-2-603.D.1)	\$ 50.00
3.	DEPOSIT (R14-2-603.B.3)	_____ per rule
4.	DEPOSIT INTEREST (R14-2-608.E.1)	_____ % per rule
5.	RE-ESTABLISHMENT WITHIN 12 MONTHS (R14-2-608.F.1)	(a)
6.	NSF CHECK (R14-2-608.E.1)	\$ 35.00
7.	LATE PAYMENT PENALTY (R14-2-608.F.1)	1.50% Per Month
	DEFERRED PAYMENT PLAN	1.50% Per Month

All Revenue related taxes will be charged customers.

Main Extension and additional facilities agreements, @ COST (b)  
RULES AND REGULATIONS

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(a) Monthly minimum times months off the system

(b) Cost to include parts, labor, overhead, and all applicable taxes, including income tax if applicable.