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**BEFORE THE ARIZONA CORPORATION COMMISSION**

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

Arizona Corporation Commission

**DOCKETED**

JUL 28 2006

DOCKETED BY	nr
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IN THE MATTER OF THE APPLICATION  
OF LAS QUINTAS SERENAS WATER  
COMPANY, FOR REVIEW AND  
APPROVAL OF PROPOSED ARSENIC  
IMPACT HOOK-UP FEE TARIFF

DOCKET NO. W-01583A-06-0436  
DECISION NO. 68863  
ORDER

Open Meeting  
July 25 and 26, 2006  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Las Quintas Serenas Water Company ("LQS" or "Company") provides water utility service in an area approximately 20 miles southwest of the City of Tucson, in Pima County.
2. On June 30, 2006, LQS filed an Arsenic Impact Hook-up Fee ("AIHF") Tariff pursuant to Decision No. 68718 (June 1, 2006). LQS is undertaking a treatment construction project to reduce the level of arsenic concentration in its water supply so it can meet the new arsenic standard. LQS plans to use proceeds from the proposed Arsenic Impact Hook-up Fee Tariff to assist in constructing the arsenic treatment facilities.
3. A capital cost of \$1,580,446 for construction of arsenic treatment facilities was approved in Decision No. 68718.
4. LQS seeks approval of an AIHF of \$1,120.88 for all new 5/8 x 3/4-inch service connections on the basis of a projected customer count of 1,410.

...



1 IT IS FURTHER ORDERED that Las Quintas Serenas Water Company shall file with  
 2 docket control as a compliance item, a copy of the Arsenic Impact Hook-up Fee Tariff as per the  
 3 attached tariff schedule within 30 days of a decision in this matter.

4 IT IS FURTHER ORDERED that this Order shall become effective immediately.  
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6 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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 9 CHAIRMAN

  
 COMMISSIONER

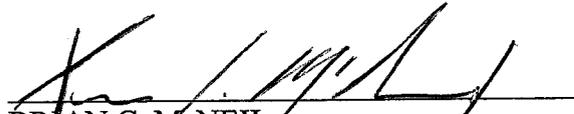
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 11 Commissioner Spitzer resigned  
 effective 7-21-2006

12 COMMISSIONER

COMMISSIONER

  
 COMMISSIONER

13 IN WITNESS WHEREOF, I BRIAN C. McNEIL, Executive  
 14 Director of the Arizona Corporation Commission, have  
 15 hereunto, set my hand and caused the official seal of this  
 16 Commission to be affixed at the Capitol, in the City of  
 Phoenix, this 28<sup>th</sup> day of July, 2006.

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 19 BRIAN C. McNEIL  
 Executive Director

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 21 DISSENT: 

22 DISSENT: \_\_\_\_\_  
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24 EGJ:DMH:tdp\DR  
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1 SERVICE LIST FOR: Las Quintas Serenas Water Company  
2 DOCKET NO. W-01583A-06-0436

3 Mr. Lawrence V. Robertson, Jr.  
4 Attorney for Las Quintas Serenas Water Company  
5 Post Office Box 1448  
6 Tubac, Arizona 85646

7 Ms. Kaycee Conger  
8 Administrative Manager  
9 Las Quintas Serenas Water Company  
10 Post Office Box 68  
11 Sahuarita, Arizona 85629

12 Mr. John S. Gay  
13 1241 West Calle De La Plaza  
14 Sahuarita, Arizona 85629

15 Mr. Ernest G. Johnson  
16 Director, Utilities Division  
17 Arizona Corporation Commission  
18 1200 West Washington  
19 Phoenix, Arizona 85007

20 Mr. Christopher C. Kempley  
21 Chief Counsel  
22 Arizona Corporation Commission  
23 1200 West Washington  
24 Phoenix, Arizona 85007

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Utility: Las Quintas Serenas Water Co.  
 Docket No: W-01583A-06-0436  
 Phone No. 520.625.8040

Tariff Sheet No: 1 of 3  
 Decision No: \_\_\_\_\_  
 Effective: \_\_\_\_\_

## ARSENIC IMPACT HOOK-UP FEE TARIFF

### I. Purpose and Applicability

The purpose of the Arsenic Impact Fee Tariff, payable to **Las Quintas Serenas Water Co.** ("the Company") pursuant to this tariff, is to equitably apportion the costs of constructing water treatment plant facilities to treat and remove arsenic. These charges are applicable to all new service connections established on or after the effective date of the tariff. The charges are one-time charges and are payable as a condition to the Company's establishment of service, as more particularly provided below.

### II. Definitions

Unless the context otherwise requires, the definitions set forth in R-14-2-401 of the Arizona Corporation Commission's ("Commission") rules and regulations governing water utilities shall apply in interpreting this tariff schedule.

"Applicant" means any party entering into an agreement with the Company for the installation of water facilities to serve new service connections.

"Arsenic Treatment Facilities" means treatment equipment and related appurtenances necessary for the removal of arsenic through treatment of water to meet the 10 parts per billion ("ppb") arsenic standards.

"Company" means **Las Quintas Serenas Water Co.**, an Arizona corporation.

"Main Extension Agreement" means any agreement whereby an applicant agrees to advance the costs of the installation of water facilities to the Company to serve new service connections, or install water facilities to serve new service connections and transfer ownership of such water facilities to the Company, which agreement shall require the approval of the Commission's Utilities Division (same as line extension agreements).

"Service Connection" means and includes all service connections for residential, commercial, industrial, or other uses, regardless of meter size.

### III. Arsenic Impact Hook-Up Fee Tariff Charges

Each new service connection shall pay the Arsenic Impact Hook-Up Fee Tariff derived from the following table:

**TARIFF SCHEDULE**

Docket No. W-01583A-06-0436

Utility: Las Quintas Serenas Water Co.  
 Docket No: W-01583A-06-0436  
 Phone No. 520.625.8040

Tariff Sheet No: 2 of 3  
 Decision No: \_\_\_\_\_  
 Effective: \_\_\_\_\_

ARSENIC IMPACT HOOK-UP FEE TARIFF TABLE		
Meter Size	Meter Factor	Fee
5/8" X 3/4"	1	\$1,135
3/4"	1½	\$1,703
1"	2½	\$2,838
1 1/2"	5	\$5,675
2"	8	\$9,080
3"	16	\$18,160
4"	25	\$28,375
6"	50	\$56,750

**IV. Terms and Conditions**

- (A) Assessment of One-Time Arsenic Impact Hook-Up Fee: The Arsenic Impact Hook-Up Fee may be assessed only once per service connection (similar to service line and meter installation charges), or lot within a platted subdivision (similar to OFF-SITE FACILITIES HOOK-UP FEES). This provision does not exempt from the tariff, any newly created parcel(s) which are the result of further subdivision of a lot or land parcel and which do not have a service connection.
  
- (B) Use of Arsenic Impact Hook-Up Fee Funds: All funds collected by the Company pursuant to the Arsenic Impact Fee Tariff shall be deposited with a financial institution in a separate account. The Company shall maintain a subsidiary ledger to account for all collections and uses of the fees. Funds collected from the Fee can only be used to pay direct costs of the arsenic remediation system, debt service on the loans to acquire that system or to repay amounts advanced by the Company to pay for the remediation system from the Company's other accounts. Funds collected by the Arsenic Impact Hook-Up Fee Tariff shall not be used for expenses, maintenance, or operational purposes.
  
- (C) Time of Payment:
  - i. In the event that the Applicant is required to enter into a main extension agreement, whereby the Applicant agrees to advance the costs of installing mains, valves, fittings, hydrants, and other on-site improvements in order to extend service in accordance with R-14-2-406(B), payment of the charges required hereunder, as to service connections to be served through such facilities and improvements, shall be made by the Applicant within fifteen (15) calendar days after receipt of notification from the Company that the Utilities Division of the Commission has approved the main extension agreement in accordance with R-14-2-406(M).

**TARIFF SCHEDULE**

Docket No. W-01583A-06-0436

Utility: Las Quintas Serenas Water Co.  
Docket No: W-01583A-06-0436  
Phone No. 520.625.8040

Tariff Sheet No: 3 of 3  
Decision No: \_\_\_\_\_  
Effective: \_\_\_\_\_

- ii. In the event the Applicant is not required to enter into a main extension agreement, the charges hereunder shall be due and payable at the time the service line and meter installation charge is due and payable.
- (D) Failure to Pay Charges, Delinquent Payments: Under no circumstances will the Company set a meter or otherwise allow service to be established if the Applicant has not paid in full all charges as provided by this tariff.
- (E) Arsenic Impact Hook-Up Fee Tariff Non-Refundable: The amounts collected by the Company pursuant to the tariff shall be non-refundable advances in aid of construction.
- (F) Arsenic Impact Hook-Up Fee in Addition to Other Charges: The Arsenic Impact Hook-Up Fee shall be in addition to any costs associated with a main extension agreement otherwise required for on-site facilities, and is in addition to the amounts to be advanced pursuant to charges authorized under other sections of this tariff.
- (G) Disposition of Excess Funds: After funds are collected equal to the cost of all Arizona Department of Environmental Quality required arsenic treatment facilities or the tariff has been terminated by order of the Commission, any funds not necessary to pay for arsenic treatment facilities remaining shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.
- (H) Distinguished from Arsenic Cost Recovery Mechanism: The Arsenic Impact Hook-Up Fee which is the subject of this tariff is separate and to be distinguished from the Arsenic Cost Recovery Mechanism which was authorized as a part of the Company's charges for water service in Commission Decision No. 68718.
- (I) Distinguished from Existing Off-Site Facilities Hook-Up Fees: The Arsenic Impact Hook-Up Fee which is subject of this tariff is separate and to be distinguished from the Existing Off-Site Facilities Hook-Up Fees which was authorized as part of the Company's charges for water service in Commission Decision No. 67455, dated January 1, 2005.
- (J) Status Reporting Requirement to the Commission: The Company shall file with Docket Control by January 31<sup>st</sup> of each year, an annual calendar year status report, until the Arsenic Impact Hook-Up Fee Tariff is no longer in effect. This status report shall contain a list of all customers that have paid the Arsenic Impact Hook-Up Fee Tariff, the amount of money spent from the account, and a list of the facilities that have been installed with funds from the Arsenic Impact Hook-Up Fee Tariff for arsenic during the 12-month period.