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BEFORE THE ARIZONA CORPORATION COMMISSION

JEFF HATCH-MILLER
Chairman
WILLIAM A. MUNDELL
Commissioner
MIKE GLEASON
Commissioner
KRISTIN K. MAYES
Commissioner
BARRY WONG
Commissioner

Arizona Corporation Commission

DOCKETED

DEC 21 2006

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IN THE MATTER OF THE APPLICATION
OF LAGOON ESTATES WATER
COMPANY APPLICATION TO AMEND
ITS TARIFF

DOCKET NO. W-01825A-06-0633
DECISION NO. 69207
ORDER

Open Meeting
December 19 and 20, 2006
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On October 3, 2006, Lagoon Estates Water Company ("Company") filed a request to amend its tariff (approved in Decision No. 68084). The proposed amendment requests the addition of a late payment charge of \$5.00 per month for customers who pay their bills after late notices are dated.

2. On October 10, 2006, the Company requested that the time clock rules be waived.

3. The Company provides service to approximately 266 customers in an area located near the Colorado River approximately 20 miles south of Bullhead City, in Mohave County, Arizona.

4. The Company's current rates were authorized in Decision No. 68084 on August 12, 2005.

5. The Company implemented new rates on September 1, 2005, pursuant to Decision No. 68084. The Company has subsequently discovered that the Service Charges authorized in that Decision did not contain a provision for late payments. Apparently both the Company and Staff

1 inadvertently failed to include a late payment charge in the recommended Service Charges section
2 of the tariff.

3 6. The Company has requested a \$5.00 monthly charge for customers who pay their
4 water bills after the due date. The Company has recently experienced almost half of their
5 customers who habitually pay their bills late.

6 7. The Company incurs additional administrative costs associated with late payment
7 notices and service termination notices.

8 8. Staff has determined that the Company should have a late payment charge to
9 discourage late payments and minimize the Company's administrative costs.

10 9. The additional revenue will only serve to offset the carrying cost associated with
11 unpaid receivables. To that extent, the revenue generated by the tariff amendment will offset any
12 carrying and administrative costs related to late payments. As such, the proposed change is
13 revenue neutral and is also diminimus.

14 10. Customer notification of the filing was made on November 16, 2006.

15 11. Staff's proposed tariff amendment that specifies a late charge which is "1.50 percent
16 of the unpaid balance from the previous bill. This charge shall not apply if the customer has
17 arranged a Deferred Payment Plan."

18 CONCLUSIONS OF LAW

19 1. Lagoon Estates Water Company is a public service corporation within the meaning
20 of Article 15 of the Arizona Constitution and Title 40 of the Arizona Revised Statutes.

21 2. The Commission has jurisdiction over the Company and over the subject matter of
22 the application.

23 3. The Commission having reviewed the application and Staff's Memorandum of
24 December 1, 2006, concludes that it is in the public interest to grant the Company's request to
25 amend its tariff as specified by Staff.

26 4. The Company will be required to notify its customers in the form as noted in
27 Exhibit A.

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ORDER

IT IS THEREFORE ORDERED that the application be and hereby is granted as recommended by Staff.

IT IS FURTHER ORDERED that the Company shall notify its customer of the tariff amendment in the form recommended by Staff.

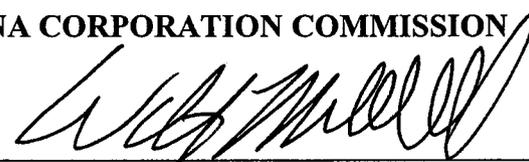
IT IS FURTHER ORDERED that the tariff amendment shall be effective 30 calendar days subsequent to customer notification.

IT IS FURTHER ORDERED that the Company shall file, as a compliance item in this docket, a copy of the customer notice in the form noted at Exhibit A with a notarized cover letter stating the method of customer notification, as well as the date of the notification.

1 IT IS FURTHER ORDERED that the Company shall file, as a compliance item in this
2 case, a revised tariff incorporating the above amendment within 30 calendar days of a Commission
3 decision in this case.

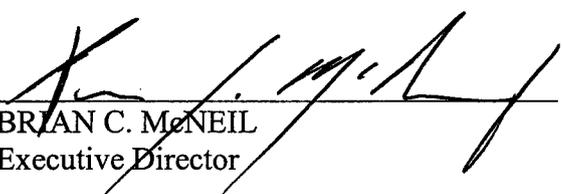
4 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

5
6 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

7  CHAIRMAN  COMMISSIONER

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10  COMMISSIONER  COMMISSIONER

11
12 IN WITNESS WHEREOF, I BRIAN C. McNEIL, Executive
13 Director of the Arizona Corporation Commission, have
14 hereunto, set my hand and caused the official seal of this
15 Commission to be affixed at the Capitol, in the City of
16 Phoenix, this 21st day of December, 2006.

17 
18 BRIAN C. McNEIL
19 Executive Director

20 DISSENT: _____

21
22 DISSENT: _____

23 EGJ:SMO:lhм\CH
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1 SERVICE LIST FOR: Lagoon Estates Water Company
2 DOCKET NO. W-01825A-06-0633

3 Mr. Stanley Miller
4 Lagoon Estates Water Company
5 2600 North 44th Street, Suite 203
6 Phoenix, Arizona 85008

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

12 Mr. Christopher C. Kempley
13 Chief Counsel
14 Arizona Corporation Commission
15 1200 West Washington
16 Phoenix, Arizona 85007

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EXHIBIT A

PUBLIC NOTICE OF THE APPROVAL OF THE
LAGOON ESTATES WATER COMPANY
TARIFF AMENDMENT TO IMPLEMENT
LATE PAYMENT CHARGES
(DOCKET NO. W-01825A-06-0633)

On October 3, 2006, Lagoon Estates Water Company ("Applicant") filed with the Arizona Corporation Commission ("Commission") an application to amend its tariff to add a late payment charge. The implementation of a late payment charge should provide incentive to customers to pay their bills when due and reduce unnecessary administrative costs to the Company associated with late notices.

On December 19, 2006, at Open Meeting, the Commission approved the Company's application to permit a monthly late charge as follows:

"1.50 percent of the unpaid balance from the previous bill. This charge shall not apply if the customer has arranged a Deferred Payment Plan."

The tariff change shall go into effect 30 calendar days from the date of this notice. Please contact the Company at (602) 275-0211 if you have any questions.