

OPEN MEETING ITEM



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

ORIGINAL



Executive Director 22

ARIZONA CORPORATION COMMISSION

DATE: DECEMBER 5, 2006

DOCKET NO: W-02304A-05-0830

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Jane Rodda. The recommendation has been filed in the form of an Opinion and Order on:

COMMUNITY WATER COMPANY OF GREEN VALLEY (RATES)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and ten (10) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

DECEMBER 15, 2006

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Working Session and Open Meeting to be held on:

DECEMBER 19, 2006 and DECEMBER 20, 2006

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602)542-4250. For information about the Open Meeting, contact the Executive Secretary's Office at (602) 542-3931.

Arizona Corporation Commission
DOCKETED

DEC - 5 2006

BRIAN C. McNEIL
EXECUTIVE DIRECTOR

DOCKETED BY

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

IN THE MATTER OF THE APPLICATION OF
COMMUNITY WATER COMPANY OF GREEN
VALLEY FOR A RATE INCREASE.

DOCKET NO. W-02304A-05-0830

DECISION NO. _____

OPINION AND ORDER

DATE OF HEARING:

October 24, 2006

PLACE OF HEARING:

Tucson, Arizona

ADMINISTRATIVE LAW JUDGE:

Jane L. Rodda

APPEARANCES:

Richard Sallquist, Sallquist, Drummond
& O'Connor, PC, on behalf of
Community Water of Green Valley; and

Charles Haines, Staff Attorney, Legal
Division, on behalf of the Utilities
Division for the Arizona Corporation
Commission.

BY THE COMMISSION:

* * * * *

Having considered the entire record herein and being fully advised in the premises, the
Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

1. On November 9, 2005, Community Water Company of Green Valley ("CWGV" or "Company") filed an application for a rate increase with the Commission.
2. On December 9, 2005, and January 23, 2006, Commission Utilities Division Staff ("Staff") notified the Company that its application was not sufficient under the requirements outlined in A.A.C. R14-2-103.
3. CWGV filed supplemental material on December 23, 2005, January 4, 2006, January 30, 2006, and January 31, 2006.

1 4. On February 7, 2006, Staff notified the Company that its application was sufficient
2 under Commission rules, and classified the Company as a Class B utility.

3 5. By Procedural Orders dated February 14, 2006, and February 17, 2006, procedural
4 guidelines and pre-filed testimony deadlines were established and the matter was set for hearing on
5 October 24, 2006, at the Commission's Tucson offices. The testimony schedule was modified by
6 Procedural Order dated August 8, 2006.

7 6. On March 10, 2006, CWGV mailed notice of the hearing to its members/customers.

8 7. Pursuant to the Procedural Orders Staff filed direct testimony on August 18, 2006, and
9 surrebuttal testimony on October 13, 2006. The Company filed direct and rebuttal testimony on
10 September 21, 2006. The hearing convened as scheduled before a duly authorized Administrative
11 Law Judge on October 24, 2006.

12 8. On November 20, 2006, Staff filed an Amended Surrebuttal Schedule which presents
13 a revised schedule of Company-proposed and Staff recommended rates. The parties assert that the
14 rates presented therein are the rates they each are promoting in this case. A copy of the Amended
15 Surrebuttal Schedule, setting forth the Company's current rates, and those proposed by the Company
16 and Staff is attached hereto as Exhibit A.

17 9. CVWC is a member-owned, non-profit water utility located in is unincorporated Pima
18 County and the Town of Sahuarita. During the test year ended December 31, 2004, the Company
19 served approximately 10,514 customers.

20 10. The Company's current rates were approved in Decision No. 55593 (June 4, 1987).

21 11. In the test year ended December 31, 2004, the Company incurred an Operating Loss of
22 \$121,773, on adjusted revenues of \$2,220,455.

23 12. In its application, the Company sought a revenue requirement of \$2,830,957, an
24 increase of \$610,502, or 27.5 percent over test year revenues. The Company originally sought an
25 Operating Margin of 20 percent.

26 13. In its surrebuttal testimony, Staff recommended a total revenue level of \$2,788,418,
27 and increase of \$567,963, or 25.5 percent. Staff's recommended revenue would yield operating
28

1 income of \$446,147, a 6.74 percent rate of return on a fair value rate base of \$6,621,625. Staff
2 recommended on Operating Margin of 16 percent.

3 14. Through the course of the proceeding, and in response to each other's testimony, the
4 Company and Staff revised their positions. Ultimately, the Company agreed to adopt Staff's
5 surrebuttal position concerning the revenue requirement, operating expenses and fair value rate base.

6 15. Staff recommends an original cost rate base of \$6,621,625, which is the same as its
7 fair value rate base. The parties agree that Staff's recommended fair value rate base is reasonable.
8 Staff's adjustments to rate base, as reflected in its surrebuttal testimony, are reasonable and should be
9 adopted.

10 16. Staff's adjustments to test year expenses increased Total Expenses by \$77,506, from
11 \$2,264,765 to \$2,342,271. Staff decreased Salaries and Wages and related Payroll Taxes by a
12 combined total of \$6,976, from \$710,292 to \$703,316. Staff accepted the Company's adjustment to
13 Salaries and Wages based on personnel changes and 2005 actual costs. Staff increased Water Testing
14 Expense by \$11,817, from \$0 to \$11,817 to reflect actual testing costs as supported by invoices. Staff
15 decreased Miscellaneous Expense by \$28,589, from \$248,203 to \$219,614, to eliminate expenses
16 such as gifts and awards and to reclassify water treatment expenses that had been inadvertently
17 misclassified. Staff increased Depreciation Expense by \$102,006, from \$510,141 to \$612,147, to
18 reflect Staff's recommended depreciation rates on a going-forward basis and Staff's adjustments to
19 rate base. Staff decreased Property Tax Expense by \$752, from \$127,843 to \$127,091, to reflect
20 Staff's adjusted test year and recommended revenues.

21 17. CWGV accepted Staff's adjustments to Operating Expenses. Staff's adjustments are
22 reasonable and we approve them.

23 18. Staff's recommends Total Revenues of \$2,788,418, which with adjusted Operating
24 Expenses of \$2,342,271, yields Operating Income of \$446,147, a 16.0 percent operating margin.
25 Because CWGV is a non-profit member owned entity, Staff focused its analysis on cash flow, rather
26 than a rate of return analysis. Staff believes that its recommended 16.0 percent operating margin
27 provides the Company with sufficient cash flow to meet its operating needs, debt obligations and
28 contingencies. Although the Company originally requested a 20 percent operating margin, it agrees

1 that Staff's recommended revenue level and resultant operating margin are sufficient, given Staff's
2 adjustments to depreciation rates. The Company agrees that the 16 percent operating margin is
3 appropriate and will allow the Company to meet expected capital expenditures, operating needs and
4 contingencies.

5 19. In Decision No. 67515 (January 20, 2005), the Commission authorized CWVC to take
6 out a \$4,000,000 line of credit for the purpose of making system improvements, including arsenic
7 treatment. In the test year, the Company had an outstanding loan balance of \$1,564,371 at 7.5
8 percent annual interest. Staff performed a pro forma financial analysis assuming Staff's
9 recommended revenue increase and that the entire \$4,000,000 authorized loan was drawn down.
10 Staff's analysis shows a pro forma Times Interest Earned Ratio ("TIER") of 1.50 and a Debt Service
11 Coverage Ratio ("DSC") of 2.74.

12 20. The only issue on which the Company and Staff could not reach agreement was on
13 rate design. The major area of disagreement concerning rate design involves how to treat a
14 condominium development known as the Villas. The Villas was originally an apartment complex of
15 1,150 units. The complex, extending over 110 acres includes 280 buildings, with four units per
16 building. The complex was subsequently converted to condominiums, and in Decision No. 46883
17 (January 23, 1976), the Commission ordered the utility (CWGV's predecessor Arizona Water
18 Company) to install as many meters as possible. However, the water piping had been run to and
19 through each building such that the individual units could not be economically isolated for metering
20 and metering could only be done for groups of 12 to 16 units. A total of 75 meters to serve the
21 residential units were installed. In addition there are a number of other meters of various sizes used
22 to serve common areas such as laundry facilities, the pool and clubhouse. The Villas receives two
23 bills for aggregate water use of all meters -- one for the Villas East and one for the Villas West.

24 21. The Company currently has a single rate commodity charge and its monthly minimum
25 charge includes 2,000 gallons of water for all meter sizes (except for the Villas).

26 22. The Company proposes eliminating the gallons included in the monthly minimum and
27 establishing a three-tier inverted block rate for the 5/8 and 3/4 inch meters and a two-tier inverted
28

1 block structure for 1 inch and larger meters. The Company proposes to continue to treat the Villas as
2 a separate rate class.

3 23. Staff recommends a three-tier inverted block rate structure for the residential 5/8 inch
4 and 3/4 inch customer classes. Staff recommends treating the Villas as any other residential or
5 commercial ratepayer based on meter size. Thus, Staff incorporates the Villas billing determinants
6 into the other rate classes. Staff recommends a two-tier inverted block rate for the 1 inch and larger
7 meters. Staff agrees with the Company's proposal to eliminate the inclusion of any gallons in the
8 minimum monthly charge.

9 24. In Decision No. 55593, CWGV's last rate case, the Commission determined that
10 because it was not economically feasible to meter each individual Villas unit, the Company's
11 treatment of the Villas as a separate class was "tolerable." The 1987 rate Order established the
12 minimum rate for the 1,150 Villas units, by multiplying 75 percent of the 5/8 inch meter monthly
13 minimum (.75 x 12.50= \$9.33) by the number of units and then applied the normal commodity
14 charge to all usage above that included in the monthly minimum. Based on 1,150 units (1,150 unit x
15 2,000 gallons), the Villas currently receives 2,300,000 gallons of water in its monthly charge. The
16 commercial use meters serving the Villas have been segregated and are billed like any other meter of
17 like size.

18 25. The Company argues that the rate treatment for the Villas, which has been in effect for
19 30 years is more appropriate than that being proposed by Staff, and should be continued. CWGV
20 asserts that Staff's proposal would result in a rate reduction for the Villas and an increase of only 14.5
21 percent for the other 5/8 inch meters, while the larger meters would bear a greater percentage of the
22 increase.¹ CWGV argues that Staff's rate design would send the wrong pricing signals to the low
23 use and residential customers. CWGV states that in designing rates, it tried to spread the
24 approximately 25 percent increase over all rate classes, and that its proposal better reflects the
25 Company's cost of service study. Furthermore, the Company is concerned that Staff's greater
26 emphasis on the commodity portion of the rate results in rate instability.

27 ¹ During the hearing, the Company asserted that Staff's recommended rates would result in a 33 percent decrease for
28 Villas customers on a per unit basis. The evidence presented at hearing did not allow independent verification of the
Company's claim.

1 26. Staff believes that the Company's proposed rate design for the Villas is inequitable.
2 Staff argues that the Company proposed rate design, which is more weighted to recovering costs
3 through the fixed portion of the rate, promotes inefficiency.

4 27. The average 5/8 inch residential (non-Villas) meter customer uses 4,322 gallons per
5 month. Based on total average water usage, the average Villas unit uses 3,722 gallons a month.

6 28. Under current rates, the average non-Villas 5/8 inch residential customer's bill is
7 \$15.00 per month, and the average Villas monthly bill per unit is \$11.17 per month.

8 29. Under the Company's proposed rates, the average residential 5/8 inch meter bill would
9 increase from \$15.00 to \$18.26, an increase of \$3.26, or 21.8 percent. According to the revised
10 surrebuttal schedule, under the Company's proposed rates, on average, the Villas would see a per unit
11 increase of \$2.14, or 19.16 percent, from \$11.17 to \$13.31.

12 30. Under Staff's recommended rates, the average non-Villas 5/8 inch meter bill would
13 increase from \$15.00 to \$17.17, an increase of \$2.17, or 14.5 percent.

14 31. Under current rates, 70.86 percent of the revenues are generated by the fixed charge
15 and 26.55 percent by the commodity charge, with 2.59 percent from other charges. Under the
16 Company's proposed rates, 56.24 percent of revenues would be generated by the fixed charge portion
17 of the tariff, 39.69 percent from the commodity charge and 4.07 percent from other charges. TR at
18 58.

19 32. Under Staff's recommended rate design, the ratio of revenues derived from the fixed
20 charge versus the commodity charge is approximately 50-50. Staff testified that in recent rate cases it
21 has been recommending that fixed charges comprise 30 or 40 percent of total revenues, but in this
22 case, believed that a more gradual reduction in the reliance on the fixed charge was warranted. TR at
23 81. Staff asserts that less reliance on fixed charges is more equitable because cost causers bear their
24 fair share of costs. Staff minimized the Company's concern of rate instability because CWGV is not
25 in a decline demographically. TR at 87.

26 33. Staff's proposed rates treat the Villas as if they were any other customer. The
27 Company testified that Staff's recommended rates would result in a rate decrease for the Villas. The
28 Company opposes Staff's treatment because it believes it is not logical or fair for the Villas

1 customers to experience a rate decrease when all other customers are experiencing a rate increase.
2 The Company's own Cost of Service Study, however, appears to show that under current rates, as
3 well as under the Company's proposed rate design, the Villas is contributing more than other rate
4 classes towards the operating margin. See Kozoman Direct testimony, schedules G-1 and G-2.

5 34. Although in the previous rate case, the Commission found a separate treatment of the
6 Villas was "tolerable," we believe that the time has come to implement a more equitable rate
7 structure. Consequently, we adopt Staff's proposed rates. Both proposed rate structures shift a
8 greater proportion of revenues to the commodity rate, away from the fixed charge, however, Staff's
9 proposed rates takes the shift further than does the Company. The Company asserts that the greater
10 emphasis on the commodity charge will result in revenue volatility. We do not find however, that
11 there is sufficient evidence to show the elasticity of demand to allow us to evaluate the Company's
12 claims. Nor do we find that the evidence shows that the differential in the fixed cost percent between
13 the two proposals is sufficiently great to make a significant difference. The greater emphasis on the
14 commodity charge encourages conservation and is more equitable to the low use customers.

15 35. The Arizona Department of Environmental Quality ("ADEQ") has determined that
16 this system has no deficiencies and is currently delivering water than meets water quality standards
17 required by the Arizona Administrative Code. Title 18, chapter 4.

18 36. The U.S. Environmental Protection Agency ("EPA") has reduced the arsenic
19 maximum contaminant level ("MCL") in drinking water from 50 parts per billion ("ppb") to 10 ppb.
20 Prior to implementing its arsenic remediation efforts, CWGV reported arsenic concentrations for
21 Wells 6 and 9 at 12 ppb and 14 ppb, respectively. The Company has completed the arsenic treatment
22 facilities for these two wells, and reports that treated water from these wells has an arsenic
23 concentration of approximately 5 ppb.

24 37. CWGV is located in the Tucson Active Management Area ("AMA") and is subject to
25 AMA reporting and conservation requirements. The Arizona Department of Water Resources
26 ("ADWR") reports that the Company is in compliance with its monitoring and reporting
27 requirements.

28 38. There are no outstanding Commission compliance issues.

1 complies with the rates and charges approved herein:

2 **MONTHLY USAGE CHARGE:**

3		\$11.00
4	5/8" x 3/4" Meter	11.00
5	3/4" Meter	20.00
6	1" Meter	33.00
7	1 1/2" Meter	55.00
8	2" Meter	87.00
	3" Meter	330.00
	4" Meter	550.00
	6" Meter	900.00
	8" Meter	

9 **COMMODITY CHARGE (per 1,000 gallons)**

10	<u>5/8" x 3/4" meter (Residential)</u>	
11	1 to 3,000 gallons	\$1.25
12	3,001 to 10,000 gallons	1.82
13	Over 10,000 gallons	2.20
14	<u>3/4" Meter (Residential)</u>	
15	1 to 3,000 gallons	1.25
16	3,001 to 10,000 gallons	1.82
17	Over 10,000 gallons	2.20
18	<u>5/8" x 3/4" meter (Commercial/ Residential and Commercial)</u>	
19	1 to 10,000 gallons	1.82
20	Over 10,000 gallons	2.20
21	<u>1" Meter (Res., Comm. Res/Comm)</u>	
22	1 to 24,000 gallons	1.82
23	Over 24,000 gallons	2.20
24	<u>1 1/2" Meter (Res., Comm)</u>	
25	1 to 50,000 gallons	1.82
26	Over 50,000 gallons	2.20
27	<u>2" Meter (Res., Comm. & Res/Comm)</u>	
28	1 to 100,000 gallons	1.82
	Over 100,000 gallons	2.20
	<u>3" Meter (Res., Comm).</u>	
	1 to 180,000 gallons	1.82

1	Over 180,000 gallons	2.20
2	<u>4" Meter (Res. Comm.)</u>	
	0 to 380,000 gallons	1.82
3	Over 380,000 gallons	2.20
4	<u>6" Meter (Res. Comm)</u>	
5	0 to 800,000 gallons	1.82
	Over 800,000 gallons	2.20
6	<u>8" Meter (Res. Comm)</u>	
7	1 to 1,250,000 gallons	1.82
8	Over 1,250,000 gallons	2.20
9	Construction Water (All Meter Sizes)	2.50

SERVICE LINE AND METER INSTALLATION CHARGES:
(Refundable pursuant to A.A.C. R14-2-40-5)

	Line	Meter	Total	
11	5/8" x 3/4" Meter	\$385.00	\$135.00	\$520.00
12	3/4" Meter	385.00	215.00	600.00
	1" Meter	435.00	255.00	690.00
13	1 1/2" Meter	470.00	465.00	935.00
14	2" Turbine Meter	630.00	965.00	1,595.00
	2" Compound Meter	630.00	1,690.00	2,320.00
15	3" Turbine Meter	805.00	1,470.00	2,275.00
	3" Compound Meter	845.00	2,265.00	3,110.00
16	4" Turbine Meter	1,170.00	2,350.00	3,520.00
	4" Compound Meter	1,230.00	3,245.00	4,475.00
17	6" Turbine Meter	1,730.00	4,545.00	6,275.00
	6" Compound Meter	1,770.00	6,280.00	8,050.00
18	8" Meter	Cost	Cost	Cost
19	10" Meter	Cost	Cost	Cost
20	12" Meter	Cost	Cost	Cost

SERVICE CHARGES:

22	Establishment	\$25.00
	Establishment (After Hours)	35.00
23	Reconnection (Delinquent)	25.00
	Reconnection (Delinquent and After hours)	35.00
24	Turn on/Turn off fee/After Hours	10.00
25	Turn on/Turn off fee/Sunday/Holiday	20.00
	Meter Test	20.00
26	Deposit Requirement (Residential)	(a)
	Deposit Requirement (Non Residential)	(a)
27	Hydrant Meter Deposit:	
28	5/8 " x 3/4" Meter	135.00

	¾" Meter	215.00
1	1" Meter	255.00
	1 ½" Meter	465.00
2	2" Turbine Meter	965.00
	2" Compound Meter	1,690.00
3	3" Turbine Meter	1,470.00
	3" Compound Meter	2,265.00
4	4" Turbine Meter	2,350.00
	4" Compound Meter	3,245.00
5	6" Turbine Meter	4,545.00
	6" Compound Meter	6,280.00
6	8" Meter	Cost
	10" Meter	Cost
7	12" Meter	Cost
	Deposit Interest	6%
8	Reestablishment (Within 12 Months)	(b)
	Reestablishment (After hours)	(b)
9	NSF Check	\$25.00
	Deferred Payment, Per Month	1.50%
10	Meter Reread (If Correct)	\$10.00
	Moving Customer Meter – customer request - Rule R14-2-405B	20.00
11	After hours service charge – per Rule R14-2-403D	10.00
	Late Charge per month	1.50%
12	Meter Tampering Charge	Cost
	Meter Box "Cut Lock" Charge	Cost
13	Payment via Visa Charge Card	Cost
	<u>MONTHLY SERVICE CHARGE FOR FIRE SPRINKLER</u>	
14	Less than 6"	\$10.00
	Less than 8"	15.00
15	Less than 10"	22.50
	Less than 12"	33.75

Per Commission Rules (R14-2-403B)

- (a) Residential – two times the average bill, Non-residential – two and one-half times the average bill
- (b) Minimum Charge times number of months disconnected
- (c) \$100 Plus \$12.50 times months off system.

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use and franchise tax. Per Commission Rule (R14-2-409.D.5).

All advances and/or contributions are to include labor, materials, overheads and all applicable taxes.

Costs to include labor, materials and parts, overheads and all applicable taxes.

IT IS FURTHER ORDERED that the rates and charges approved herein shall be effective for all service provided on and after January 1, 2007.

1 IT IS FURTHER ORDERED that within 15 days of the effective date of this Order,
2 Community Water Company of Green Valley shall notify its customers of the rates and the effective
3 dates approved herein, in a form and manner acceptable to the Commission's Utilities Division Staff.

4 IT IS FURTHER ORDERED that that within 90 days of the effective date of this Decision
5 Community Water Company of Green Valley shall file with Docket Control, as a compliance item in
6 this docket, a detailed plan demonstrating how it will reduce its water loss to less than 10 percent. If
7 Community Water Company of Green Valley finds that reduction of water loss to less than 10
8 percent is not cost-effective, it should submit a detailed cost analysis and explanation demonstrating
9 why water loss reduction to less than 10 percent is not cost-effective.

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1 IT IS FURTHER ORDERED that Community Water Company of Green Valley shall
2 annually file as part of its annual report, an affidavit with the Utilities Division attesting that the
3 Company is current in paying its property taxes in Arizona.

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

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.
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8 _____
CHAIRMAN COMMISSIONER

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12 _____
COMMISSIONER COMMISSIONER COMMISSIONER

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

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18 _____
BRIAN C. McNEIL
EXECUTIVE DIRECTOR

19
20 DISSENT _____

21
22 DISSENT _____

23 JR:mj
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1 SERVICE LIST FOR:

COMMUNITY WATER COMPANY OF GREEN VALLEY

2
3 DOCKET NO.:

W-02304A-05-0830

4 Mr. Richard Sallquist
5 Sallquist, Drummond & O'Connor, PC
6 4500 South Lakeshore Drive, Suite 339
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14 Ernest Johnson, Director
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16 Arizona Corporation Commission
17 1200 W. Washington Street
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EXHIBIT A

RATE DESIGN

Monthly Usage Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
7/8 x 3/4" Meter - All Classes	\$ 12.50	\$ 12.50	\$ 11.00
3/4" Meter - All Classes	12.50	15.00	11.00
1" Meter - All Classes	15.00	18.75	20.00
1 1/2" Meter - All Classes	18.75	31.25	33.00
2" Meter - All Classes	23.75	50.00	55.00
3" Meter - All Classes	32.51	100.00	87.50
4" Meter - All Classes	48.76	312.50	330.00
6" Meter - All Classes	65.01	625.00	550.00
8" Meter - All Classes	N/T	1,000.00	900.00
Construction Water - All Sized Meters	N/T	-	-
NT = No Tariff			
Commodity Rates			
5/8 x 3/4" Meter (Residential)			
Gallons Included in Minimum	2,000	-	-
Excess of Minimum - per 1,000 Gallons			
All Gallons	\$ 1.07	N/A	N/A
From 1 to 2,000 Gallons	N/A	\$ 1.07	N/A
From 2,000 to 3,000 Gallons	N/A	\$ 1.33	N/A
Over 3,000 Gallons	N/A	1.72	N/A
From 1 to 3,000 Gallons	N/A	N/A	\$ 1.25
From 3,001 to 10,000 Gallons	N/A	N/A	1.82
Over 10,000 Gallons	N/A	N/A	2.20
3/4" Meter (Residential)			
Gallons Included in Minimum	2,000	-	-
Excess of Minimum - per 1,000 Gallons			
All Gallons	\$ 1.07	N/A	N/A
From 1 to 3,000 Gallons	N/A	\$ 1.07	N/A
From 3,000 to 4,500 Gallons	N/A	\$ 1.33	N/A
Over 4,500 Gallons	N/A	1.72	N/A
From 1 to 3,000 Gallons	N/A	N/A	\$ 1.25
From 3,001 to 10,000 Gallons	N/A	N/A	1.82
Over 10,000 Gallons	N/A	N/A	2.20
5/8" (Commercial/Residential and Commercial)			
Gallons Included in Minimum	2,000	-	-
Excess of Minimum - per 1,000 Gallons			
All Gallons	\$ 1.07	N/A	N/A
From 1 to 4,500 Gallons	N/A	\$ 1.33	N/A
Over 4,500 Gallons	N/A	1.72	N/A
From 1 to 10,000 Gallons	N/A	N/A	\$ 1.82
Over 10,000 Gallons	N/A	N/A	2.20
1" Meter (Res., Comm., Res/Comm.)*			
Gallons Included in Minimum	2,000	-	-
Excess of Minimum - per 1,000 Gallons			
All Gallons	\$ 1.07	N/A	N/A
From 1 to 7,500 Gallons	N/A	\$ 1.33	N/A
Over 7,500 Gallons	N/A	1.72	N/A
From 1 to 24,000 Gallons	N/A	N/A	\$ 1.82
Over 24,000 Gallons	N/A	N/A	2.20
1 1/2" Meter (Res., Comm.)			
Gallons Included in Minimum	2,000	-	-
Excess of Minimum - per 1,000 Gallons			
All Gallons	\$ 1.07	N/A	N/A
From 1 to 15,000 Gallons	N/A	\$ 1.33	N/A
Over 15,000 Gallons	N/A	1.72	N/A
From 1 to 50,000 Gallons	N/A	N/A	\$ 1.82
Over 50,000 Gallons	N/A	N/A	2.20
2" Meter (Res., Comm., & Res/Comm)			
Gallons Included in Minimum	2,000	-	-
Excess of Minimum - per 1,000 Gallons			
All Gallons	\$ 1.07	N/A	N/A
From 1 to 24,000 Gallons	N/A	\$ 1.33	N/A
Over 24,000 Gallons	N/A	1.72	N/A
From 1 to 100,000 Gallons	N/A	N/A	\$ 1.82
Over 100,000 Gallons	N/A	N/A	2.20

* Note that Bulk customer class has been removed as Staff recommends a construction water tariff.

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3" Meter (Res., Comm.)*				
Gallons Included in Minimum	2,000	-	-	-
Excess of Minimum - per 1,000 Gallons				
All Gallons		\$	1.07	N/A
From 1 to 48,000 Gallons			N/A	\$ 1.33
Over 48,000 Gallons			N/A	1.72
From 1 to 180,000 Gallons			N/A	N/A
Over 180,000 Gallons			N/A	\$ 1.82
				2.20
4" Meter (Res., Comm.)				
Gallons Included in Minimum	2,000	-	-	-
Excess of Minimum - per 1,000 Gallons				
All Gallons		\$	1.07	N/A
From 1 to 75,000 Gallons			N/A	\$ 1.33
Over 75,000 Gallons			N/A	1.72
From 1 to 380,000 Gallons			N/A	N/A
Over 380,000 Gallons			N/A	\$ 1.82
				2.20
6" Meter (Res., Comm.)				
Gallons Included in Minimum	2,000	-	-	-
Excess of Minimum - per 1,000 Gallons				
All Gallons		\$	1.07	N/A
From 1 to 150,000 Gallons			N/A	\$ 1.33
Over 150,000 Gallons			N/A	1.72
From 1 to 800,000 Gallons			N/A	N/A
Over 800,000 Gallons			N/A	\$ 1.82
				2.20
8" Meter (Res., Comm.)				
Gallons Included in Minimum	N/A	N/A	-	-
Excess of Minimum - per 1,000 Gallons				
From 1 to 240,000 Gallons			N/A	\$ 1.33
Over 240,000 Gallons			N/A	1.72
From 1 to 1,250,000 Gallons			N/A	N/A
Over 1,250,000 Gallons			N/A	\$ 1.82
				2.20
Villas				
Gallons Included in Minimum	2,300,000	N/A	-	N/A
Excess of Minimum - per 1,000 Gallons				
All Gallons		\$	-	\$ -
From 1 to 2,300,000 Gallons			N/A	\$ 1.07
From 2,300,000 to 3,450,000 Gallons			N/A	\$ 1.33
Over 3,450,000 Gallons			N/A	1.72
From 1 to 2,300,000 Gallons			N/A	N/A
From 2,300,000 to 3,450,000 Gallons			N/A	N/A
Over 3,450,000 Gallons			N/A	N/A
Construction Water (All Meter Sizes)				
Gallons Included in Minimum	-	-	-	-
Excess of Minimum - per 1,000 Gallons				
All Gallons	N/A	\$	-	\$ 2.50
(Standpipe) Fire Hydrants				
Gallons Included in Minimum	-	-	-	-
Excess of Minimum - per 1,000 Gallons				
All Gallons	N/A	N/A	-	N/A
Fire Sprinklers S-1				
Gallons Included in Minimum	-	-	-	-
Excess of Minimum - per 1,000 Gallons				
All Gallons	N/A	N/A	-	N/A
Fire Sprinklers S-2				
Gallons Included in Minimum	-	-	-	-
Excess of Minimum - per 1,000 Gallons				
All Gallons	N/A	N/A	-	N/A

* Note that Bulk customer class has been removed as Staff recommends a construction water tariff.

Service Line and Meter Installation Charges	Total	Line	Meter	Total	Line	Meter	Total
5/8" x 3/4" Meter	Free	\$ 385	\$ 135	\$ 520	\$ 385	\$ 135	\$ 520
3/4" Meter	Free	385	215	600	385	215	600
1" Meter	Free	435	255	690	435	255	690
1 1/2" Meter	Cost	470	465	935	470	465	935
2" Turbine Meter	Cost	630	965	1,595	630	965	1,595
2" Compound Meter	Cost	630	1,690	2,320	630	1,690	2,320
3" Turbine Meter	Cost	805	1,470	2,275	805	1,470	2,275
3" Compound Meter	Cost	845	2,265	3,110	845	2,265	3,110
4" Turbine Meter	Cost	1,170	2,350	3,520	1,170	2,350	3,520
4" Compound Meter	Cost	1,230	3,245	4,475	1,230	3,245	4,475
6" Turbine Meter	Cost	1,730	4,545	6,275	1,730	4,545	6,275
6" Compound Meter	Cost	1,770	6,280	8,050	1,770	6,280	8,050
8"	Cost	Cost	Cost	Cost	Cost	Cost	Cost
10"	Cost	Cost	Cost	Cost	Cost	Cost	Cost
12"	Cost	Cost	Cost	Cost	Cost	Cost	Cost
Service Charges							
Establishment	\$ 25.00			\$ 50.00			\$ 25.00
Establishment (After Hours)	N/T			100.00			35.00
Reconnection (Delinquent)	N/T			50.00			25.00
Reconnection (Delinquent and After Hours)	N/T			100.00			35.00
Turn On/Off Fee / After Hours	10.00			10.00			10.00
Turn On/Off Fee / Sunday / Holiday	20.00			20.00			20.00
Service Charge during business hours	N/T			50.00			N/T
Service Charge after business hours	N/T			100.00			N/T
Meter Test	20.00			20.00			\$ 20.00
Deposit Requirement (Residential)	(a)			(a)			(a)
Deposit Requirement (None Residential Meter)	(a)			(a)			(a)
Hydrant Meter Deposit	N/T			300.00			See below
5/8" x 3/4" Meter	N/T			N/T			135.00
3/4" Meter	N/T			N/T			215.00
1" Meter	N/T			N/T			255.00
1 1/2" Meter	N/T			N/T			465.00
2" Turbine Meter	N/T			N/T			965.00
2" Compound Meter	N/T			N/T			1,690.00
3" Turbine Meter	N/T			N/T			1,470.00
3" Compound Meter	N/T			N/T			2,265.00
4" Turbine Meter	N/T			N/T			2,350.00
4" Compound Meter	N/T			N/T			3,245.00
6" Turbine Meter	N/T			N/T			4,545.00
6" Compound Meter	N/T			N/T			6,280.00
8"	N/T			N/T			Cost
10"	N/T			N/T			Cost
12"	N/T			N/T			Cost
Deposit Interest	6.00%			6.00%			6%
Re-Establishment (Within 12 Months)	(b)			(b)			(b)
Re-Establishment (After Hours)	(b)			(c)			(b)
NSF Check	10.00			35.00			\$ 25.00
Deferred Payment, Per Month	N/T			1.50%			1.50%
Meter Re-Read	10.00			25.00			10.00
Charges of Moving Customer Meter - Customer Requested per Rule R14-2-405B	20.00			Cost			20.00
After hours service charge, per Rule R14-2-403D	10.00			Cost			10.00
Late Charge per month	N/T			1.50%			1.50%
Meter Tampering Charge	N/T			Cost			Cost
Meter Box "Cut Lock" Charge	N/T			Cost			Cost
Payment via Visa Charge Card (Cost up to 6.00% service charge on bill paid)	N/T			Cost			Cost
NT = No Tariff							
Monthly Service Charge for Fire Sprinkler							
Less than 8"	\$ 10.00			\$ 10.00			\$ 10.00
Less than 8"	15.00			15.00			15.00
Less than 10"	22.50			22.50			22.50
Less than 12"	33.75			33.75			33.75

Per Commission Rules (R14-2-403.B)

- (a) Residential - two times the average bill. Non-residential - two and one-half times the average bill.
- (b) Minimum charge times number of months disconnected.
- (c) \$100 Plus \$12.50 times months off system.

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax. Per Commission Rule (14-2-409.D.5).
 All advances and/or contributions are to include labor, materials, overheads and all applicable taxes.
 Cost to include labor, materials and parts, overheads and all applicable taxes.

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TYPICAL BILL ANALYSIS AVERAGE AND MEDIAN COST COMPARISONS

LINE NO.	CUSTOMER CLASS	CURRENT RATES			
		AVERAGE		MEDIAN	
		USAGE	DOLLARS	USAGE	DOLLARS
1	Residential 5/8	4,332	\$ 15.00	2,501	\$ 13.04
2	Residential 3/4	2,024	12.53	1,501	12.50
3	Residential 1	13,476	27.28	8,501	21.96
4	Residential 1.5	16,917	34.72	16,001	33.74
5	Residential 2	60,447	86.30	32,501	56.40
6	Residential 3	62,639	97.39	65,001	99.92
7			-		-
8	Commerical 5/8	6,488	17.30	2,500	13.04
9	Commerical 1	16,838	30.88	5,501	18.75
10	Commerical 1.5	42,131	61.70	24,501	42.84
11	Commerical 2	83,336	110.79	32,501	56.40
12	Commerical 3	86,521	122.95	112,001	150.21
13			-		-
14	Comm/Res 5/8	83	12.50	-	12.50
15	Comm/Res 1	16,224	30.22	8,501	21.96
16	Comm/Res 2	49,629	74.72	30,501	54.26
17			-		-
18	Bulk 1	12,594	23.84	501	12.50
19	Bulk 3	116,408	154.93	2,501	33.05
20			-		-
21	Fire Sprinkler S1	-	10.00	-	10.00
22	Fire Sprinkler S2	-	10.00	-	10.00
23			-		-
24	Villas	4,280,667	12,848.81	3,842,050	12,379.49
25			-		-
26	Fire Hydrants	-	6.00	-	6.00

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LINE NO.	CUSTOMER CLASS	COMPANY RECOMMENDED					
		AVERAGE			MEDIAN		
		AVERAGE	CHANGE	PERCENT	MEDIAN	CHANGE	PERCENT
27	Residential 5/8	\$ 18.26	\$ 3.27	21.78%	\$ 15.31	\$ 2.27	17.42%
28	Residential 3/4	17.17	4.64	37.04%	16.61	4.11	32.85%
29	Residential 1	39.00	11.72	42.98%	30.45	8.49	38.67%
30	Residential 1.5	54.50	19.78	56.96%	52.92	19.18	56.85%
31	Residential 2	144.61	58.31	67.57%	96.54	40.15	71.19%
32	Residential 3	189.02	91.63	94.08%	193.08	93.16	93.23%
33							
34	Commerical 5/8	22.49	5.19	29.98%	15.83	2.79	21.40%
35	Commerical 1	44.79	13.91	45.05%	26.07	7.32	39.05%
36	Commerical 1.5	97.87	36.17	58.61%	67.54	24.71	57.67%
37	Commerical 2	183.98	73.19	66.06%	96.54	40.15	71.19%
38	Commerical 3	230.10	107.15	87.15%	273.92	123.71	82.36%
39							
40	Comm/Res 5/8	12.61	0.11	0.88%	12.50	-	0.00%
41	Comm/Res 1	43.73	13.51	44.71%	30.45	8.49	38.67%
42	Comm/Res 2	126.00	51.28	68.63%	93.10	38.85	71.60%
43							
44	Bulk 1	31.24	7.40	31.05%	13.17	0.67	5.33%
45	Bulk 3	281.50	126.58	81.70%	103.33	70.28	212.67%
46							
47	Fire Sprinkler S1	10.00	-	0.00%	10.00	-	0.00%
48	Fire Sprinkler S2	10.00	-	0.00%	10.00	-	0.00%
49							
50	Villas	15,309.81	2,461.00	19.15%	14,840.49	2,461.00	19.88%
51							
52	Fire Hydrants	-	(6.00)	-100.00%	-	(6.00)	-100.00%
53							

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LINE NO.	CUSTOMER CLASS	STAFF RECOMMENDED					
		AVERAGE			MEDIAN		
		AVERAGE	CHANGE	PERCENT	MEDIAN	CHANGE	PERCENT
54	Residential 5/8	\$ 17.17	\$ 2.18	14.53%	\$ 14.13	\$ 1.09	8.36%
55	Residential 3/4	13.53	1.00	8.02%	12.88	0.38	3.01%
56	Residential 1	44.53	17.25	63.22%	35.47	13.52	61.56%
57	Residential 1.5	63.79	29.07	83.72%	62.12	28.38	84.11%
58	Residential 2	165.01	78.72	91.21%	114.15	57.76	102.41%
59	Residential 3	201.50	104.11	106.90%	205.80	105.88	105.97%
60							
61	Commerical 5/8	22.81	5.51	31.82%	15.55	2.52	19.29%
62	Commerical 1	50.65	19.77	64.02%	30.01	11.27	60.10%
63	Commerical 1.5	109.68	47.98	77.76%	77.59	34.76	81.14%
64	Commerical 2	206.67	95.88	86.54%	114.15	57.76	102.41%
65	Commerical 3	244.97	122.02	99.25%	291.34	141.13	93.96%
66							
67	Comm/Res 5/8	11.15	(1.35)	-10.79%	11.00	(1.50)	-12.00%
68	Comm/Res 1	49.53	19.31	63.89%	35.47	13.52	61.56%
69	Comm/Res 2	145.32	70.60	94.48%	110.51	56.26	103.69%
70							
71	*Construction Water	272.23	125.68	85.76%	6.25	(25.48)	-80.30%
72							
73	Fire Sprinkler S1	10.00	-	0.00%	10.00	-	0.00%
74	Fire Sprinkler S2	10.00	-	0.00%	10.00	-	0.00%
75							
76	Fire Hydrants	-	(6.00)	-100.00%	-	(6.00)	-100.00%
77							
78	*Note that Staff's recommended rate design replaces the bulk classes with Construction Water. Also note that change from median and average for construction water is based on a weighted average of bulk 1 and bulk 3 average and median costs.						