

ORIGINAL OPEN MEETING



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MEMORANDUM

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TO: THE COMMISSION
FROM: Utilities Division
DATE: December 1, 2006
RE: IN THE MATTER OF LAGOON ESTATES WATER COMPANY APPLICATION
FOR A NEW TARIFF ITEM (DOCKET NO. W-01825A-06-0633)

2006 DEC - 1 P 1:04

AZ CORP COMMISSION
DOCUMENT CONTROL

Introduction

On October 3, 2006, Lagoon Estates Water Company ("Lagoon Estates" or "Company") filed a request for a new tariff item which would amend its tariff approved in Decision No. 68084, dated August 17, 2005. 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.

Lagoon Estates Water Company

Lagoon Estates is an Arizona "S" corporation engaged in the business of providing potable water to approximately 266 customers in an area located near the Colorado River approximately 20 miles south of Bullhead City, in Mohave County, Arizona.

Background

The Company implemented new rates on September 1, 2005, pursuant to Commission 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 inadvertently failed to include a late payment charge in the recommended Service Charges section of the tariff.

Request for Tariff Amendment

The Company has requested a \$5.00 monthly charge for customers who pay their monthly water bill after the due date. The Company has indicated that it has almost half of their customers who habitually pay their bills late. This requires the preparation and mailing of late notices each month to a large number of customers. The Company also prepares late notices which are tagged to the customers' doors if they are scheduled to be shut off.

Although the Company makes every effort to prevent any customer from being shut off and having to pay a reconnection fee, the implementation of a late charge should help the Company minimize the additional administrative expense related to its current method of collecting late payments.

Arizona Corporation Commission

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Procedural Summary

On October 3, 2006, the Company filed, in Docket No.W-01825A-06-0633, an application for a new tariff item. On October 10, 2006, the Company filed a motion to suspend the time clock. On October 26, 2006, a Procedural Order was issued by the Hearing Division granting the requested suspension of the time clock.

On November 16, 2006, the Company provided notice to its customers of this filing with the Commission.

Staff Analysis

Numerous water and wastewater companies have a provision for late payment charges. The Company's current tariff is attached as Exhibit B.

The Company should be permitted to implement a late fee which will discourage late payment and assist the Company to avoid the additional administrative costs. The additional revenue will only serve to offset the carrying cost associated with unpaid receivables. To that extent, the revenue generated by the tariff amendment will offset any carrying and administrative costs related to late payments. As such, the proposed change is revenue neutral and is also diminimus.

Therefore, Staff recommends that the Company's service charges tariff be amended as follows:

Late Payment Charge (per month)

****** 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 Company shall notify its customers of the tariff amendment within 30 days of a Commission decision in this case. The amendment shall be effective 30 calendar days after customer notification has been made. The form of the customer notice is attached as Exhibit A.

Staff Recommendation

Staff recommends approval of its proposed amendment to the Company's "Service Charges" tariff sheet indicated above.

Staff further recommends that the Company submit to Docket Control, as a compliance item in this case, a revised tariff sheet incorporating Staff recommended tariff language within 30 calendar days of a Commission decision in this case.

Staff further recommends the Commission require the Company to provide customer notification in the form of customer notice in the attached Exhibit A.

THE COMMISSION

December 1, 2006

Page 3

Staff further recommends that the Commission approved tariff change be implemented no sooner than 30 calendar days after the customers have been notified.

A handwritten signature in black ink, appearing to read 'EGJ', with a long horizontal stroke extending to the right.

Ernest G. Johnson

Director

Utilities Division

EGJ:SMO:lm\CH

Originator: Steven M. Olea

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.

Water Tariff Schedule

Utility: Lagoon Estates Water Company
Docket No.: W-01825A-04-0546

ORIGINAL

Decision No.: 68084
Effective: September 1, 2005

Rates And ChargesCustomer/Minimum Charges
Per MonthService Line & Meter
Installation Charges

<u>Meter</u>	<u>Charges</u>	<u>Gallons</u>	<u>Meter</u>	<u>Charges</u>
5/8" x 3/4"	\$ 15.00	0	5/8" x 3/4"	\$ 455.00
3/4"	\$ 20.25	0	3/4"	\$ 500.00
1"	\$ 35.00	0	1"	\$ 585.00
1 1/2"	\$ 65.00	0	1 1/2"	\$ 890.00
2 "	\$108.00	0	2 "	\$1430.00
3"	\$190.00	0	3"	\$1930.00
4"	\$325.00	0	4"	\$3120.00
6"	\$625.00	0	6"	\$5600.00
8"	\$825.00	0	8"	\$8580.00

Commodity Rates (Per 1,000 Gallons)

5/8 x 3/4 Inch Meter	0000-3000	\$2.00
	3001-10,000	\$2.55
	Over 10,000	\$3.25
1 Inch Meter	0000-10,000	\$2.55
	Over 10,000	\$3.25
2 to 2 Inch Meters	0000-30,000	\$2.55
	Over 30,001	\$3.25

Service Charges

Establishment (R14-2-403.D.1)	\$30.00
Establishment After Hours (R14-2-403.D.2)	\$40.00
Reconnection/Delinquent (r14-2-403.D.1)	\$30.00
Meter Test /If Correct (r14-2-408.F.1)	\$30.00
Deposit	*
Deposit Interest	*
Re-Establishment Within 12 months	**
NSF Check (R14-2-409)	\$25.00
Deferred Payment (Per month)	***
Meter Reread (If Correct)	\$23.00

- * Per Commission Rules R14-2-403.B
 ** Months off the system times the minimum (R14-2-403.D)
 *** Per Commission rule A.A.C. R-14-2-409 (G)

In addition to the collection of its regular rates and charges, the company shall collect from its customers their proportionate share of any privilege, sales or use tax in accordance with R 14-2-409.D.5

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APPROVED FOR FILING

DECISION #: 68084

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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

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

DOCKET NO. W-01825A-06-0633
DECISION NO. _____
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

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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.

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

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 Director 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 _____, 2006.

BRIAN C. McNEIL
Executive Director

DISSENT: _____

DISSENT: _____

EGJ:SMO:lhm\CH

1 SERVICE LIST FOR: Lagoon Estates Water Company
DOCKET NO. W-01825A-06-0633

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

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

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10 Mr. Christopher C. Kempley
Chief Counsel
11 Arizona Corporation Commission
1200 West Washington
12 Phoenix, Arizona 85007

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EXHIBIT A

PUBLIC NOTICE OF THE APPROVAL OF THE
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TARIFF AMENDMENT TO IMPLEMENT
LATE PAYMENT CHARGES
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