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BEFORE THE ARIZONA CORPORATION COMMISSION

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REGULATORY CONTROL
Arizona Corporation Commission

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ARIZONA CORP. COMM
400 W CONGRESS STE 218 TUCSON AZ 85701

IN THE MATTER OF THE APPLICATION OF)
DIABLO VILLAGE WATER COMPANY FOR)
REVIEW AND APPROVAL OF PROPOSED)
OFF-SITE HOOK-UP FEE TARIFF AND OFF-)
SITE HOOK-UP FEES)

DOCKET NO. W-02309A-07-0140
AMENDED APPLICATION

On or about February 1, 2007, and pursuant to Decision No. 69206, as issued in Docket No. W-02309A-05-0501 on December 21, 2006, Diablo Village Water Company ("Diablo Village") submitted for Arizona Corporation Commission ("Commission") review and approval a proposed Off-Site Hook-Up Fee Tariff and related proposed Off-Site Hook-Up Fees for new customer connections to the Diablo Village water system. That Application was assigned Docket No. W-02309A-07-0078. Thereafter, on March 6, 2007, Diablo Village filed an Amended Application to replace the aforesaid Application. Through inadvertence, Diablo Village failed to indicate the aforesaid docket number on the March 6, 2007 Amended Application. As a consequence, the March 6, 2007 Amended Application was treated as a "new Application," and was assigned Docket No. W-02309A-07-0140 by the Commission's Docket Control. On April 9, 2007, the Chief of Compliance of the Utilities Division requested by letter that Docket No. W-02309A-07-0078 be administratively closed, inasmuch as the Application filed therein had been superceded by the "new Application" filed in Docket No. W-02309A-07-0140. Diablo Village did not object to such administrative closure. On April 11, 2007, Docket

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Control issued an Administrative Closure of Docket No. W-02309A-07-0078. By means of this Amended Application, and following communications with the Commission's Utilities Division Staff as to certain of the matters herein addressed, Diablo Village submits its Amended Application in the above-captioned and docketed proceeding.

I.

BACKGROUND

On December 21, 2006 the Commission issued Decision No. 69206 in which the Commission approved Diablo Village's July 14, 2005 Application to extend the company's then existing CC&N to include an additional 640 acres of land scheduled for substantial residential and commercial development within the next few years. In Finding of Fact No. 52 in Decision No. 69206, the Commission stated as follows:

"52. The Commission is concerned about the potential rate impact of the new growth on Diablo's existing customers. Therefore, the Company shall file a hook-up fee tariff for Commission review no later than February 1, 2007."

Thereafter, in the Seventh Ordering Paragraph, Decision No. 69206 provided as follows:

"IT IS FURTHER ORDERED that Diablo Village Water Company shall file for the Commission's review a hook-up fee tariff no later than February 1, 2007."

Against this background, (i) the March 6, 2007 "New Application," (ii) this Amended Application and (iii) the attached amended proposed Off-Site Hook-Up Fee Tariff and Off-Site Hook-Up Fees are intended to satisfy the aforesaid filing requirement.

II.

DESCRIPTION OF PROPOSED HOOK-UP FEE TARIFF

The proposed Off-Site Hook-Up Fee Tariff and Off-Site Hook-Up Fees would be applicable only to new customer connections; and, the revenues collected therefrom would be

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3 used to fund a significant portion of capital expenditures that Diablo Village either has incurred,
4 or will incur, in connection with new growth and ongoing service requirements in its CC&N.
5 The capital expenditures in question pertain to Diablo Village's off-site construction
6 requirements for the 2006-2012 time period, and installation of an automated meter reading
7 system. The off-site facilities in question consist of the following: (i) Well #2 and a 300,000
8 gallon storage reservoir; (ii) Well #3 and a 300,000 gallon storage reservoir; and (iii) anticipated
9 upgrades to Well #s 1 and 2. The automated meter reading system consists of the components
10 listed on Appendix "B" to this Amended Application. The anticipated new customer growth is
11 2,683 new customer connections. The proportion of anticipated capital expenditures proposed to
12 be funded by the proposed Off-Site Hook-Up Fee Tariff and Off-Site Hook-Up Fees is 80%.

13 Attached to this Amended Application as Appendix "A" and incorporated herein by
14 reference is a schedule which sets forth the aforesaid assumptions and estimated future capital
15 expenditures upon which the proposed Off-Site Hook-Up Fees are based. In addition, it depicts
16 by meter size (scaled on 5/8 inch meter flow) the amount of proposed Off-Site Hook-Up Fee
17 applicable to each meter size; and, it indicates the portion or percentage of anticipated new
18 growth each meter size represents. As may be noted therefrom, the 5/8-inch and 1-inch meter
19 sizes represent 94.91% and 5%, respectively, of the anticipated new growth; and, the proposed
20 Off-Site Hook-Up Fee associated with each is \$640 and \$1,600, respectively. The remaining
21 0.09% of projected growth pertains to the 2-inch meter size, for which the proposed Off-Site
22 Hook-Up Fee is \$5,120.

23 Attached to this Amended Application as Appendix "B" is the aforementioned list of
24 components of the automated meter reading system proposed to be installed on Diablo Village's
25 water system.
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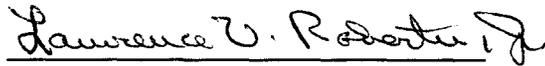
Attached to this Amended Application as Appendix "C" and incorporated herein by reference is a copy of the proposed Off-Site Hook-Up Fee Tariff. It is designed along the lines of similar tariffs approved for other water utilities regulated by the Commission.

III.
CONCLUSION

WHEREFORE, Diablo Village Water Company hereby requests that the Commission review the proposed Off-Site Hook-Up Fee Tariff and Off-Site Hook-Up Fees which are the subject of this Amended Application, and thereafter issue an appropriate form of decision or order approving the same.

Dated this 18th day of April 2007.

Respectfully submitted,



Lawrence V. Robertson, Jr.
Attorney for Diablo Village Water Company

The original and thirteen (13) copies of the foregoing Application have been filed this 18th day of April 2007 with:

Docket Control
Arizona Corporation Commission
C/O Arizona Corporation Commission Offices
400 West Congress, Suite 218
Tucson, Arizona 85701

A copy of the foregoing Application has been emailed or mailed this 18th day of April 2007 to:

Hon. Jane L. Rodda
Arizona Corporation Commission
400 West Congress, Suite 218
Tucson, Arizona 85701

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Diablo Village Water Company
 Computation of Off-Site Facilities Hook-up Fee (HUF)

Appendix "A"
 Amended April 9, 2007

Line
 No.

1			
2	<u>Off-Site Capital Expenditure Requirements 2006-2012</u>		
3	Well #2 and Storage Facilities	\$	604,000
4	Well #3 and Storage Facilities	\$	752,100
5	Upgrades to Well #1 and Well #2	\$	120,000
6	Radio Read System for meters	\$	845,178
7	Total [1]	<u>\$</u>	<u>2,321,278</u>

8
 9 Anticipated Customer Growth¹ 2,683

10
 11 Computation of Equivalent 5/8 Inch Meters

12		Portion of	Projected	Meter	Equivalent
13		Anticipated Growth	Growth	Flow	5/8 Inch Meters
14	<u>Meter Size</u>			<u>Factor</u>	
15	5/8 Inch	94.91%	2,546	1.0	2,546
16	3/4 Inch	0.00%	-	1.5	-
17	1 Inch	5.00%	134	2.5	335
18	1 1/2 Inch	0.00%	-	5.0	-
19	2 Inch	0.09%	2	8.0	19
20	3 inch	0.00%	-	16.0	-
21	4 Inch	0.00%	-	25.0	-
22	6 Inch	0.00%	-	30.0	-
23		<u>100.00%</u>	<u>2,683</u>		<u>2,901</u>

24 Total Equivalent 5/8 Inch Meters [2] 2,901

25
 26 Construction Costs Expected to be Funded by HUF (Percent times [1] equals [3]) 80% \$ 1,857,022

27
 28 HUF for Equivalent 5/8 Inch Metered Customer (rounded down) ([3] divided by [2] equals [4]) \$ 640

29
 30 Proposed Off-site Facilities Hook-up Fees by Meter Size

31		
32	<u>Meter Size</u>	
33	5/8 Inch	\$ 640 [4]
34	3/4 Inch	\$ 960 Scaled on 5/8 meter flow
35	1 Inch	\$ 1,600 Scaled on 5/8 meter flow
36	1 1/2 Inch	\$ 3,200 Scaled on 5/8 meter flow
37	2 Inch	\$ 5,120 Scaled on 5/8 meter flow
38	3 inch	\$ 10,240 Scaled on 5/8 meter flow
39	4 Inch	\$ 16,000 Scaled on 5/8 meter flow
40	6 Inch	\$ 19,200 Scaled on 5/8 meter flow

41
 42 ¹ Estimated Customer Growth - Section 18 - 1,500 units, Development 1 - 572 Units, Development 2 - 161 Units, Development 3 - 450 units.

43

Appendix "B"

Diablo Village Water Company
 Estimate for Radio Read System (Sensus RadioRead)

	<u>Qty</u>	<u>Price</u>	<u>Extension</u>
AR5002 RadioRead handHeld Device	1	\$ 10,000.00	\$ 10,000.00
AR5005 Communication Stand	1	\$ 950.00	\$ 950.00
AutoRead Software	1	\$ 7,000.00	\$ 7,000.00
M3600 w/ laptop computer	1	\$ 31,815.00	\$ 31,815.00
AutoView mapping	1	\$ 12,000.00	\$ 12,000.00
AutoRead Software	1	\$ 11,500.00	\$ 11,500.00
5/8 Inch SR11 TR/PM Meter	2,683	\$ 125.00	\$ 335,375.00
520 MXU transreceiver Dual Port	1,342	\$ 175.00	\$ 234,762.50
M3096 TouchReader	1	\$ 550.00	\$ 550.00
Labor Installation Estimate	2,683	\$ 75.00	\$ 201,225.00
			<u>\$ 845,177.50</u>

Reference Kepner Quote

TARIFF SCHEDULE

Appendix "C"

Utility: Diablo Village Water Company

Tariff Sheet No.: Page 1 of 3

Docket No.: W-02309A-07-0140

Decision No.: _____

Phone No.: (520) 290-1255

Effective: _____

OFF-SITE WATER FACILITIES HOOK-UP FEE

I. Purpose and Applicability

The purpose of the Off-Site Hook-Up Fees payable to Diablo Village Water Company ("Company") pursuant to this tariff is to equitably apportion the costs of constructing additional facilities to provide water production, storage and appropriate pressure among all new service connections.

These fees are applicable to all new service connections established after the effective date of this tariff. The fees 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 Company for the installation of water facilities to serve new service connections.

"Company" means Diablo Village Water Company.

"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 (same as line extension agreement).

"Off-Site Facilities" means wells, storage tanks, an automated meter reading system and related appurtenances necessary or appropriate for proper and efficient water system operation, including engineering and design costs. Off-Site Facilities may also include booster pumps, pressure tanks, transmission mains, and related appurtenances necessary or appropriate for proper water system operation, if these facilities are not for the exclusive use of an Applicant and these facilities will benefit the entire water system.

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

TARIFF SCHEDULE

Appendix "C"

Utility: Diablo Village Water Company
 Docket No.: W-02309A-07-0140
 Phone No.: (520) 290-1255

Tariff Sheet No.: Page 2 of 3
 Decision No.: _____
 Effective: _____

III. Off-Site Hook-Up Charges

Each new Service Connection shall pay the total off-site facilities hookup fee, derived from the following table:

OFF-SITE FACILITIES HOOKUP FEE TABLE	
Meter Size	Total Fee
5/8" x 3/4"	\$640
3/4"	\$960
1"	\$1,600
1- 1/2"	\$3,200
2"	\$5,120
3"	\$10,240
4"	\$16,000
6" or larger	\$19,200

IV. Terms and Conditions

- (A) Assessment of One Time Hook-Up Charge: The hook-up fee may be assessed only once per service connection, or lot within a platted subdivision (similar to meter and service line installation charges). However, this provision does not exempt from the hook-up fee, 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 Off-Site Hook-Up Fee: Hook-Up fees may only be used to pay for the capital items of Off-Site Facilities, or for repayment of loans obtained for installation of Off-Site Facilities. Off-Site Hook-Up Fees shall not be used for repairs, maintenance, plant replacements, or operational purposes.
- (C) Time of Payment:
- (1) In the event that an 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 fee(s) required hereunder shall be made by the Applicant within 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 R14-2-406(M).

TARIFF SCHEDULE

Appendix "C"

Utility: Diablo Village Water CompanyTariff Sheet No.: Page 3 of 3Docket No.: W-02309A-07-0140

Decision No.: _____

Phone No.: (520) 290-1255

Effective: _____

- (2) In the event that an Applicant is not required to enter into a Main Extension Agreement, the fee(s) hereunder shall be due and payable at the time the meter and service line installation fee 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 Off-Site Hook-Up Fee Tariff.
- (E) Off-Site Hook-Up Fee Non-refundable: The amounts collected by the Company pursuant to the Off-Site Hook-Up Fee Tariff shall be non-refundable contributions in aid of construction.
- (F) Use of Charges Received: All funds collected by the Company as off-site hook-up fees, shall be deposited into a separate interest bearing trust account and used solely for the purposes of paying for the costs of Off-Site Facilities, including repayment of loans obtained for the installation of Off-Site Facilities that will benefit the entire water system.
- (G) Off-Site Hook-Up Fees In Addition to Other Charges: The Off-Site Hook-Up Fees shall be in addition to any costs associated with a Main Extension Agreement for on-site facilities, and are in addition to the amounts to be advanced pursuant to charges authorized under other sections of this tariff
- (H) Disposition of Excess Funds: After all necessary and desirable Off-Site Facilities are constructed utilizing funds collected pursuant to the Off-Site Hook-Up Fee Tariff or the Off-Site Hook-Up Fee Tariff has been terminated by order of the Commission, any funds remaining in the trust shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.
- (I) Fire Flow Requirements: In the event an Applicant for service has fire flow requirements that require the construction or installation of additional facilities whose costs are beyond the scope of those facilities costs provided for in the Company's current fees and charges, the Company may require the Applicant to install (as a non-refundable contribution) such additional facilities as are required to meet those fire flow requirements, in addition to the Off-Site Hook-Up Fee.

Effective Date: _____

Approved for Filing in Compliance with
Decision No. 69206