



0000082770

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MIKE GLEASON - Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

Arizona Corporation Commission

DOCKETED

MAR 20 2008

DOCKETED BY	nr
-------------	----

IN THE MATTER OF THE APPLICATION OF
BEAVER DAM WATER COMPANY, INC. FOR A
CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE WASTEWATER
SERVICE IN MOHAVE COUNTY, ARIZONA.

DOCKET NO. SW-03067A-06-0397

DECISION NO. 70205

OPINION AND ORDER

DATE OF HEARING: October 3, 2007

PLACE OF HEARING: Phoenix, Arizona

ADMINISTRATIVE LAW JUDGE: Yvette B. Kinsey

APPEARANCES: Mr. Bob Frisby on behalf of the Applicant; and
Ms. Robin Mitchell, Staff Attorney, Legal Division, on behalf of the Utilities Division of the Arizona Corporation Commission.

BY THE COMMISSION:

On June 14, 2006, Beaver Dam Water Company, Inc. ("Beaver Dam" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for a Certificate of Convenience and Necessity ("CC&N") to provide wastewater service in Mohave County, Arizona.

On July 14, 2006, the Commission's Utilities Division ("Staff") filed an Insufficiency Letter in this matter.

On August 21, 2006, Beaver Dam filed its Affidavit of Publication and an Amended Legal Description.

On September 15, 2006, Staff filed its second Insufficiency Letter.

On January 8, 2007, Beaver Dam filed its response to Staff's second Insufficiency Letter.

On April 25, 2007, Beaver Dam filed an amended Sewer Tariff Schedule, Request for Service, and an Amended Legal Description.

1 On May 23, 2007, Staff filed its third Insufficiency Letter.

2 On June 25, 2007, Beaver Dam filed its response to Staff's third Insufficiency Letter.

3 On July 10, 2007, Staff filed a Sufficiency Letter in this docket indicating that Beaver Dam
4 met the sufficiency requirements as outlined in the Arizona Administrative Code ("A.A.C").

5 On August 3, 2007, a Procedural Order was issued setting the hearing in this matter to begin
6 on October 3, 2007, as well as establishing other procedural deadlines.

7 On August 30, 2007, Staff filed a Motion to Extend Time to file its Staff Report and stating
8 that the Applicant was agreeable to the extension of time.

9 On August 30, 2007, by Procedural Order, Staff's Motion to Extend Time was granted.

10 On September 6, 2007, Beaver Dam docketed its Certification of Mailing and Newspaper
11 Notice.

12 On September 7, 2007, Staff filed its Staff Report, recommending approval of Beaver Dam's
13 application, subject to conditions.

14 On October 2, 2007, Beaver Dam filed its Objections to the Staff Report.

15 On October 3, 2007, a full public hearing was held before a duly authorized Administrative
16 Law Judge of the Commission at its offices in Phoenix, Arizona. Mr. Bob Frisby appeared on behalf
17 of Beaver Dam and presented testimony. Staff appeared through counsel and presented evidence and
18 testimony. No members of the public appeared to give public comment. At the conclusion of the
19 hearing, the parties were instructed to file late-filed exhibits related to the testimony given at the
20 hearing and the time clock in this matter was extended.

21 On October 10, 2007, by Procedural Order, the timeframes governing late-filed exhibits were
22 established.

23 On October 15, 2007, Staff filed as a Late-Filed Exhibit its comments related to Beaver
24 Dam's Revised Pro-Forma Income Statement.

25 On October 26, 2007, Beaver Dam filed its response to Staff's Late-Filed Exhibit and a copy
26 of the Franchise Agreement from Mohave County.

27 On February 4, 2008, Beaver Dam informed the Hearing Division that it would be filing an
28 amended legal description in this matter.

1 On February 5, 2008, Staff docketed a fourth Amended Legal Description.

2 After the filing of the Late-Filed Exhibits, the matter was taken under advisement, pending
3 submission of a Recommended Opinion and Order to the Commission.

4 * * * * *

5 Having considered the entire record herein and being fully advised in the premises, the
6 Commission finds, concludes, and orders that:

7 **FINDINGS OF FACT**

8 1. Beaver Dam is an Arizona public service corporation, in good standing with the
9 Commission's Corporation Division. Beaver Dam is authorized to provide water utility services in
10 the extreme northwest corner of Arizona in Mohave County, and is less than 10 miles from both the
11 Nevada and Utah borders.

12 2. Beaver Dam initially received authority to provide water utility service in Commission
13 Decision No. 55788 (December 1, 1987).

14 3. Beaver Dam has authority to serve a service area covering approximately 8,792 acres
15 or 13.74 square miles.

16 4. Statewide, Beaver Dam currently has approximately 655 service connections and
17 operates six individual water systems.

18 5. On June 14, 2006, Beaver Dam filed an application with the Commission seeking
19 authority for an initial CC&N to provide wastewater service for a development known as Shadow
20 Ridge, which is more fully described in Exhibit A, attached hereto and incorporated herein.

21 6. Beaver Dam has received a request for service to provide wastewater service for the
22 Shadow Ridge development from Millennia Investment Corporation.

23 7. The Shadow Ridge development will be built in phases with a total of 392 lots at build
24 out on a 160 acre parcel.

25 8. Phase 1 of the Shadow Ridge development will consist of 67 residential lots, and
26 Phase II will contain 325 lots.

27 9. The developer, Millennia Investment Corporation ("Developer"), proposes to build the
28

1 necessary wastewater infrastructure needed for the proposed Certificated area, which will be
2 conveyed to Beaver Dam in the future.

3 10. In addition to constructing the wastewater facility, the Developer was required by
4 Mohave County to build a fire station to provide fire protection for the Shadow Ridge development.
5 (Tr. Pg. 11, lines 16-20)

6 11. Beaver Dam testified that there is a five acre parcel included in the requested CC&N
7 area legal description that is owned by Beaver Dam, but is not a part of the Shadow Ridge
8 development. Staff recommends that the five acre parcel located in Section 21, be deleted from the
9 CC&N area because there is no request for service for the area. Beaver Dam testified that it did not
10 oppose having the area deleted from the CC&N area and Staff was directed to file an updated map
11 and amended legal description as a late-filed exhibit.

12 12. On February 5, 2008, Staff docketed a Fourth Amended Legal Description, which
13 deletes the five acre parcel in Section 21.

14 13. Staff recommends approval of Beaver Dam's application, subject to the following
15 conditions:

- 16 1) That Beaver Dam file with Docket Control, in this docket, a copy of its
17 Aquifer Protection Permit ("APP") from the Arizona Department of
18 Environmental Quality ("ADEQ") within two years of a decision in this
19 matter.
- 20 2) That Beaver Dam file with Docket Control, in this docket, a copy of its
21 Franchise Agreement from Mohave County, within two years of the effective
22 date of a decision in this matter.
- 23 3) That Beaver Dam maintain its books and records separately for water and
24 wastewater.
- 25 4) That Beaver Dam utilize a capital structure of approximately 70 percent equity
26 and 30 percent advances in aid of construction ("AIAC").
- 27 5) That Beaver Dam charge the rates shown in Schedule DRE-WW-5 for the
28 proposed Certificated area.

- 1 6) That Beaver Dam be allowed to collect from its customers a proportionate
2 share of the privilege, sales or use tax.
- 3 7) That Beaver Dam notify the Commission within 15 days of providing service
4 to its first customer.
- 5 8) That Beaver Dam be required to file a rate application no later than three
6 months following the fifth anniversary of the date Beaver Dams begins
7 providing service to its first customer.
- 8 9) That Beaver Dam maintain its books and records in accordance with the
9 National Association of Regulatory Utility Commissioners ("NARUC")
10 Uniform System of Accounts for Water and Wastewater Utilities.
- 11 10) That Beaver Dam use the depreciation rates recommended by Staff for
12 wastewater utilities.
- 13 11) That Beaver Dam file in its next rate application, a rate design that includes
14 some type of volumetric charge to encourage water conservation.

15 14. Staff further recommends that the Commission's decision granting Beaver Dam a
16 CC&N to provide wastewater service be considered null and void, after due process, if Beaver Dam
17 fails to meet the timeframes outlined in the above recommendations.

18 15. According to Staff's Report, the proposed wastewater system will be an AdvanTex
19 Treatment System, which is a package system that uses engineered textile for the treatment media.

20 16. The system includes onsite septic tanks with offsite treatment.

21 17. During the hearing, Beaver Dam's witness¹ testified that there will be a septic tank
22 constructed on each individual lot, and the Company will do on-site sludge removal on each tank.
23 The witness further testified that the secondary water will be drained off the septic tanks into a
24 gravity system that goes to a treatment facility where the secondary water will be treated.
25 Additionally, he stated the use of this wastewater system helps to reduce the level of nitrates in the
26 water and it separates out the sludge. (Tr. Pg. 22, lines 7-21)

27

28 ¹ Mr. Bob Frisby is President and General Manager of Beaver Dam Water Company, Inc.

1 18. The witness also explained that the Company will need to inspect the septic tanks to
2 determine when the grease that forms in the septic tanks needs to be removed and the Company is
3 requesting a tariff for the sludge or grease removal. Further, he stated that Beaver Dam plans to use
4 the effluent created for drip irrigation for shrubs and trees in the common areas throughout the
5 subdivision. (Tr. Pg. 23, lines 1-14)

6 19. Beaver Dam's proposed tariff includes a rate for the maintenance of customer's on-
7 site septic tanks. Beaver Dam's tariff seeks to bill homeowners \$450.00 to remove the sludge levels
8 in the septic tanks. Beaver Dam proposes to annually check each customer's septic tank to determine
9 if it requires maintenance of sludge levels and when necessary to have the tanks pumped. Staff had
10 no objection to including the sludge removal rate in Beaver Dam's tariff as long as customers are
11 notified of their right to choose Beaver Dam or an outside service for the pumping of their septic
12 tanks.

13 20. According to Staff's Report, the sludge from the septic tanks will have to be removed
14 every three to seven years, depending on wastewater flows.

15 21. The witness stated he believed that the proposed wastewater system was an
16 improvement over people putting in individual septic tanks and individual wells, which results in a
17 lot of unorganized withdrawal of water and a high density of nitrates from the septic tanks. (Tr. Pg.
18 10, lines 3-19)

19 22. In its data response, docketed January 8, 2007, Beaver Dam stated that the sewer
20 collection system had been approved by ADEQ for the first phase of the Shadow Ridge development.

21 23. The Developer is proposing to construct the wastewater facilities needed in the
22 proposed Certificated area in two phases. Phase I will have a design flow of 24,200 gallons per day
23 ("GPD") and Phase II will have a design flow of 117, 000 GPD to provide wastewater service to 67
24 lots and 325 lots respectively.

25 24. Staff concluded the proposed wastewater system will have adequate infrastructure to
26 serve the proposed Certificated sewer area.

27 25. In its application, Beaver Dam submitted plant-in-service cost for the AdvanTex
28 system as follows:

1	Cost per gallon to treat wastewater	\$6.55
2	Cost per connection (assume 360 gpd)	\$2,358
3	Total (for 392 lots)	\$924,336

4 26. Staff concluded that the proposed plant-in-service costs were reasonable, but that no
5 “used and useful” determination had been made and no conclusions should be inferred for rate base
6 purposes.

7 27. Beaver Dam has hired a Certified Operator to manage the wastewater facility.

8 28. According to the Utilities Division Compliance Section, as of August 2007, Beaver
9 Dam had no outstanding compliance issues for its existing water systems.

10 29. ADEQ has determined that Beaver Dam is currently delivering water that meets water
11 quality standards as required by the A.A.C.

12 30. Because Beaver Dam does not have any wastewater plant facilities at this time, there
13 is no ADEQ compliance information.

14 31. Beaver Dam has obtained the ADEQ Certificate of Approval to Construct (“ATC”) for
15 construction of the proposed Phase I wastewater facilities.

16 32. Beaver Dam has an approved 208 Plan Amendment.

17 33. Beaver Dam does not have an APP representing authority for the designation of a
18 wastewater service area and a wastewater provider.

19 34. Beaver Dam submitted as a part of its application, data showing its proposed plant-in-
20 service, revenues, expenses and capital structure for the requested Certificated area.

21 35. Staff reviewed Beaver Dam’s proposed plant-in-service, revenues, expenses and
22 capital structure for the requested Certificated area and recommended several adjustments.

23 36. Beaver Dam’s application included five year projections for plant values, operating
24 revenues, operating expenses, and the number of customers to be served.

25 37. According to Staff, projections and assumptions are necessary to establish a fair value
26 rate of return and initial rates due to the lack of historical information.

27 38. Staff has concluded that the original cost rate base is the fair value rate base.

28 39. Staff reviewed Beaver Dam’s proposed plant-in-service and recommends several

1 adjustments.

2 40. Beaver Dam proposes to acquire the entire wastewater infrastructure for the requested
3 CC&N area by AIAC through a Line Extension Agreement ("LXA") with the Developer.

4 41. Staff testified that in new CC&Ns, Staff prefers a capital structure of 100 percent
5 equity infusion by the utility. However, Staff does recognize that Beaver Dam has experience
6 operating water utility systems and therefore Staff made an exception to its general recommendation.
7 (Tr. Pg. 34, lines 10-20) In this matter, Staff recommended a capital structure of approximately 70
8 percent equity and 30 percent AIAC, which capital structure would be achieved by an infusion of
9 equity capital by the company.

10 42. Staff's witness explained that when a company's capital structure is made up solely of
11 advances or contributions, the problem is two-fold. First, the company's rate base will be zero. And
12 second, when the company has not invested any capital there is no incentive for the company to
13 operate efficiently. (Tr. Pg. 35, lines 5-15)

14 43. Staff's witness explained that even though the Commission's rule states that advances
15 be returned at a rate of 10 percent per year, oftentimes companies can only partially return the
16 advances and the rate base on which the companies should be earning becomes diminished or zero.
17 The witness also explained that over time if that investment or the plant becomes depreciated and it is
18 not replaced with either more contributions or advances, the system will become dilapidated and less
19 secure for providing service. (Tr. Pg. 39, lines 1-24)

20 44. Mr. Dan Jones, President of Millennia Investment Corporation and developer for the
21 Shadow Ridge development, testified in support of Beaver Dam's application and stated that
22 Millennia was willing to deed over to Beaver Dam the wastewater system and that Beaver Dam's
23 capital was being given in the form of its 20-year history as a water company. (Tr. Pg. 26, lines 13-
24 25) He further testified that Millennia has also deeded over to Beaver Dam everything pertaining to
25 the water system built for the development, which totals over \$1 million, and that the company had
26 done so freely and willingly because the company cannot do the development without Beaver Dam.
27 (Tr. Pg. 27, lines 1-6)

28 45. Mr. Jones testified that if the Commission does not approve Beaver Dam's application

1 there is only one other water provider about three miles away, but that Millennia has not received any
2 support from them. (Tr. Pg. 27, lines 18-25)

3 46. Beaver Dam proposes to fund the wastewater facilities through 100 percent AIAC,
4 with a 10 percent per year refund rate to be paid to the developer, beginning at year five, over 10
5 years.

6 47. Beaver Dam argued that under Staff's recommendation it would have to put forward a
7 contribution of \$700,000. Beaver Dam testified that under the LXA it will have to increase its staff
8 by one employee (Certified Operator), and add a vehicle for that employee to use to take care of the
9 wastewater system and that should be its capital contribution. (Tr. Pg. 19, lines 2-10 and Tr. Pg. 20,
10 lines 1-12)

11 48. In its objection to the Staff Report, Beaver Dam stated that since the Commission had
12 approved the LXA for the water system for the Shadow Ridge development with 100 percent AIAC,
13 it should also approve Beaver Dam's request to have the same capital structure for the wastewater
14 system.

15 49. Beaver Dam also stated in its late-filed exhibit that it believed there were other
16 wastewater utilities that had received an initial CC&N with no experience in the wastewater business,
17 and that they were required by Staff to have a capital structure of 70 percent equity and 30 percent
18 AIAC and therefore Staff was not making an exception for Beaver Dam due to its 20 years
19 experience in the water business. Beaver Dam requested that the percentage of equity contribution be
20 lowered if not completely removed.

21 50. Staff reviewed the Revised Pro-Forma Income Statement submitted by Beaver Dam
22 with its objection to the Staff Report. Staff stated that there were errors in the proposed operating
23 expenses in which Beaver Dam failed to account for any depreciation expense. Staff stated that
24 Beaver Dam seemed to be accounting for AIAC as if it was contribution in aid of construction
25 ("CIAC"), however depreciation should be taken on AIAC. Staff also noted that under Beaver
26 Dam's proposed 100 percent AIAC capital structure, it would not be refunding advances until year
27 five on the investment. Staff stated that during the first five years if Beaver Dam does not refund
28 advances, depreciation expenses would be applied to the advanced plant-in-service; which will

1 further degrade Beaver Dam's equity investment.

2 51. Staff reasoned that the adjustments Staff made to Beaver Dam's proposed capital
3 structure reflects the goal of ensuring a strong economic foundation for Beaver Dam and to secure
4 wastewater service for customers in the CC&N area.

5 52. Staff reviewed Beaver Dam's proposed revenue and expenses projections which Staff
6 found to be generally reasonable with a few adjustments.

7 53. In Schedule DRE-WW-1, Staff adjusted Beaver Dam's depreciation expenses to
8 reflect Staff's proposed changes in the capital structure and adjusted the proposed income taxes to
9 reflect changes in proposed income tax liability.

10 54. Beaver Dam proposes no depreciation expense based on a 100 percent AIAC capital
11 structure. Staff adjustments are reflected in DRE-WW-3, an approximately 70 percent equity to 30
12 percent advance capital structure for plant-in-service.

13 55. Beaver Dam proposes that the service line connection charge be collected from
14 customers as a CIAC. Staff stated that if the service line charge is allowed as a CIAC it is in essence
15 a hook up fee and Staff's policy is that hook up fees should not be allowed in initial CC&N
16 applications. Staff recommends that the service line charge be collected as an AIAC and that it be
17 refunded at 10 percent of the collected balance annually.

18 56. Staff determined the projected rate base for the wastewater plant-in-service to be \$521,
19 281 at the end of five years.

20 57. Beaver Dam estimated its revenue and expenses to determine its initial rates.

21 58. Staff proposes that the revenue estimates be adjusted (through adjustment of the
22 recommended rates discussed below) in order to obtain a return on investment of 8.10 percent in year
23 five.

24 59. Beaver Dam proposed a flat fee rate of \$40 per month for residential customers and
25 Staff proposed rates of \$45 per month.

26 60. Staff concurred with Beaver Dam's residential initial monthly flat fee rate design as
27 well as Beaver Dam's proposed monthly flat fee rate for commercial customers. However, Staff does
28 recommend that Beaver Dam at its next rate case file a rate design that uses a volumetric rate to

1 encourage water conservation.

2 61. Staff also recommends that Beaver Dam's proposed re-establishment of service charge
3 (within 12 months) be adjusted to months off the system multiplied by the flat monthly fee to reflect
4 Commission Rule A.A.C. R14-2-603(D).

5 62. In regards to the late payment penalty, Staff recommends a 1.50 percent of the unpaid
6 monthly balance per month.

7 63. Staff concluded that the other service charges proposed by Beaver Dam are reasonable
8 and recommended that they be adopted.

9 **Analysis and Discussion**

10 64. Beaver Dam has a twenty-year track record as a water utility provider, but no
11 experience as a wastewater provider.

12 65. As testified to by Staff, Beaver Dam has been a good operator in the water business in
13 the State of Arizona, Beaver Dam is a fit and proper entity to have a wastewater CC&N, and there is
14 a public need for the wastewater service requested in this application. (Tr. Pg; 37, lines 1-5) (Tr. Pg.
15 53, lines 1-9)

16 66. Although Beaver Dam has no experience in the wastewater business, it has hired a
17 Certified Operator to manage the wastewater facility.

18 67. We find that under the circumstances of this case, Staff's recommendation for a
19 capital structure of 70 percent equity and 30 percent advances should be modified to require Beaver
20 Dam to attain a capital structure comprised of 40 percent equity, 0 percent debt, and 60 percent
21 advances. Therefore, the company shall be required to infuse sufficient equity to achieve a 40 percent
22 equity capital structure as a condition of approval.

23 68. To achieve the 8.1 percent rate of return recommended by Staff with the capital
24 structure adopted herein, Beaver Dam shall implement an initial flat fee rate of \$40.65 per month for
25 residential customers, instead of the \$45.00 rate proposed by Staff in connection with Staff's
26 recommended capital structure of 70 percent equity and 30 percent advances, and the commercial rate
27 shall be \$60.00 per month. Beaver Dam should also be required to file with Docket Control, as a
28 compliance item in this docket, a revised tariff reflecting the modifications set forth herein, for

1 review and approval by Staff, within 30 days of the effective date of a decision in this matter.

2 69. Further, Staff's recommendation that Beaver Dam file a rate case no later than three
3 months after the fifth anniversary when it serves its first customer, should be modified to require
4 Beaver Dam to file a rate case within three months of its third anniversary of serving its first
5 customer. By requiring an earlier rate case filing, we will have an opportunity to review the ongoing
6 appropriateness of the initial rates based on the modified capital structure required herein.

7 70. Lastly, Staff's recommendations which require Beaver Dam to meet specific
8 conditions within a certain timeframe should be modified to state that Beaver Dam shall file those
9 conditions with Docket Control as a compliance item in this docket.

10 71. On October 26, 2007, Beaver Dam docketed a copy of its Franchise Agreement from
11 Mohave County and therefore has satisfied Staff's condition on that matter.

12 72. Staff recommendations as modified herein are reasonable and should be adopted.

13 73. Because an allowance for property tax expense will be included in Beaver Dam's rates
14 and will be collected from its customers, the Commission seeks assurances from Beaver Dam that
15 any taxes collected from ratepayers have been remitted to the appropriate taxing authority. It has
16 come to the Commission's attention that a number of water and wastewater companies have been
17 unwilling or unable to fulfill their obligation to pay the taxes that were collected from ratepayers,
18 some for as many as twenty years. It is reasonable, therefore, that as a preventive measure Beaver
19 Dam shall annually file, as part of its annual report, an affidavit with the Utilities Division attesting
20 that the Company is current in paying its property taxes in Arizona.

21 CONCLUSIONS OF LAW

22 1. Applicant is a public service corporation within the meaning of Article XV of the
23 Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

24 2. The Commission has jurisdiction over the Applicant and the subject matter of the
25 application.

26 3. Notice of the application and the hearing thereon was given in accordance with the
27 law.

28 4. There is a public need and necessity for wastewater utility service in the proposed

1 IT IS FURTHER ORDERED that Beaver Dam Water Company, Inc., shall utilize a capital
 2 structure of approximately 40 percent equity, 0 percent debt, and 60 percent advances in aid of
 3 construction, and shall infuse sufficient equity to achieve a 40 percent equity capital structure as a
 4 condition of approval.

5 IT IS FURTHER ORDERED that Beaver Dam Water Company, Inc., shall charge Staff's
 6 proposed rates as set forth below:

Minimum Monthly Flat Charge

7 Residential	\$40.65
8 Commercial	\$60.00

Effluent Sales

9 Treated Effluent per 1,000 gallons	\$0.25
10 Service Line Connection Charges	\$400.00

Service Charges

11 Establishment of Service	\$25.00
12 Reconnection/Delinquent	\$50.00
13 Deposit	0.00
14 Deposit Interest	0%
15 Re-establishment of Service (within 12 months)	*
16 NSF Check	\$15.00
17 Late Payment Penalty (per month on unpaid balance)	1.50%

18 * Number of months off system times the monthly minimum, per Commission Rules
 19 A.A.C. R14-2-603(D).

20 IT IS FURTHER ORDERED that Beaver Dam Water Company, Inc., shall notify its
 21 customers of the wastewater rates and charges approved herein and their effective date by means of
 22 an insert in its monthly billing in a form acceptable to the Staff of the Utilities Division.

23 IT IS FURTHER ORDERED that the rates and charges authorized herein shall be effective
 24 for all service provided on or after April 1, 2008.

25 IT IS FURTHER ORDERED that Beaver Dam Water Company, Inc., shall notify each
 26 customer in the Certificated area of its right to annually inspect customer's septic tanks to determine
 27 if maintenance is necessary.

28 IT IS FURTHER ORDERED that Beaver Dam Water Company, Inc., shall provide
 homeowners with seven days notice of its intent to inspect the septic tanks prior to entering the
 homeowner's property.

IT IS FURTHER ORDERED that Beaver Dam Water Company, Inc., shall notify customers

1 in the Certificated area, that Beaver Dam will charge a rate of \$450 each time it is necessary for the
2 company to pump the customer's septic tank.

3 IT IS FURTHER ORDERED that Beaver Dam Water Company, Inc., shall notify
4 homeowners in the Certificated area of their right to choose either Beaver Dam or another entity to
5 perform the pumping on their septic tanks, 30 days prior to the time the work needs to be performed.

6 IT IS FURTHER ORDERED that Beaver Dam Water Company, Inc., shall collect from its
7 customers a proportionate share of the privilege, sales or use tax.

8 IT IS FURTHER ORDERED that Beaver Dam Water Company, Inc., shall maintain its books
9 and records in accordance with the National Association of Regulatory Utility Commissioners
10 Uniform System of Accounts for Water and Wastewater Utilities.

11 IT IS FURTHER ORDERED that Beaver Dam Water Company, Inc., shall use the
12 depreciation rates recommended by Staff for wastewater utilities.

13 IT IS FURTHER ORDERED that Beaver Dam Water Company, Inc., shall file in its next rate
14 application, a rate design that includes some type of volumetric rate to encourage water conservation.

15 ...

16 ...

17 ...

18 ...

19 ...

20 ...

21 ...

22 ...

23 ...

24 ...

25 ...

26 ...

27 ...

28 ...

1 IT IS FURTHER ORDERED that Beaver Dam Water Company, Inc., shall file, as a part of
2 its annual report, an affidavit with the Utilities Division attesting that it is current on its property
3 taxes in Arizona.

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

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

6
7 Lawell S. Gleason William Miller
8 CHAIRMAN COMMISSIONER

9 Jeffrey H. Hatch-Miller R. M. ... Gary L. ...
10 COMMISSIONER COMMISSIONER COMMISSIONER

11
12 IN WITNESS WHEREOF, I, DEAN S. MILLER, Interim
13 Executive Director of the Arizona Corporation Commission,
14 have hereunto set my hand and caused the official seal of the
15 Commission to be affixed at the Capitol, in the City of Phoenix,
16 this 20th day of March, 2008.

17 Dean S. Miller
18 DEAN S. MILLER
19 INTERIM EXECUTIVE DIRECTOR

20 DISSENT _____

21 DISSENT _____

22
23
24
25
26
27
28

1 SERVICE LIST FOR:
2 DOCKET NO.:
3 Bob Frisby
4 BEAVER DAM WATER CO., INC.
5 P.O. Box 559
6 Beaver Dam, AZ 86432
7 Christopher Kempley, Chief Counsel
8 Legal Division
9 Arizona Corporation Commission
10 1200 West Washington Street
11 Phoenix, Arizona 85007
12 Ernest G. Johnson, Director
13 Utilities Division
14 Arizona Corporation Commission
15 1200 West Washington
16 Phoenix, Arizona 85007
17
18
19
20
21
22
23
24
25
26
27
28

BEAVER DAM WATER COMPANY, INC.
SW-03067A-06-0397

EXHIBIT "A"
SHADOW RIDGE SUBDIVISION
WASTEWATER SERVICE AREA
PROPERTY DESCRIPTION

A Parcel of Land situated in portions of Sections 17 and 21, Gila and Salt River Meridian, Mohave County, Arizona being more particularly described as follows:

All of the West Half of the North Half of the Northeast Quarter of the Northeast Quarter (W1/2 N1/2 NE1/4 NE1/4) and the West Half of the South Half of the Northeast Quarter of the Northeast Quarter (W1/2 S1/2 NE1/4 NE1/4) of Section 17, Township 39 North, Range 16 West, Gila and Salt River Base Meridian, Mohave County, Arizona (Parcel 402-84-012 and 402-84-013, Fee#2003040864, Book 4505, Page 564)

All of the Southwest Quarter of the Southeast Quarter of the Northeast Quarter (SW1/4 SE1/4 NE1/4) and the South Half of the Northwest Quarter of the Southeast Quarter of the Northeast Quarter (S1/2 NW1/4 SE1/4 NE1/4) and the North Half of the North Half of the East Half of the Southeast Quarter of the Northeast Quarter (N1/2 N1/2 E1/2 SE1/4 NE1/4) and the North Half of the North Half of the West Half of the Southeast Quarter of the Northeast Quarter (N1/2 N1/2 W1/2 SE1/4 NE1/4) and the Southeast Quarter of the Southeast Quarter of the Northeast Quarter (SE1/4 SE1/4 NE1/4) and the South Half of the Northeast Quarter of the Southeast Quarter of the Northeast Quarter (S1/2 NE1/4 SE1/4 NE1/4) of Section 17, Township 39 North, Range 16 West, Gila and Salt River Base Meridian, Mohave County, Arizona, (Parcel 402-84-001,002,005 and 006, Fee# 2003026459, Book 4439, Page 485), subject to a 20 foot Access Easement and Utility Easement along the East Boundary Line (Fee# 91-19036, Book 1878, Page 462)

All of the Northeast Quarter of the Southeast Quarter (NE1/4 SE1/4) and the East Half of the Southeast Quarter of the Southeast Quarter (E1/2 SE1/4 SE1/4) of Section 17, Township 39 North, Range 16 West, Gila and Salt River Base Meridian, Mohave County, Arizona (Parcel 402-84-019), subject to a 20 foot Access Easement and Utility Easement along the East Boundary Line (Fee# 90-45221, Book 1749, Page 652) EXCEPT the South 42 feet for a Mohave County Road Right-of-Way (Book 5217, Page 241)

All of the Northwest Quarter of the Northwest Quarter (NW1/4 NW1/4) of Section 21, Township 39 North, Range 16 West, Gila and Salt River Base Meridian, Mohave County, Arizona, (Parcel 402-25-142, Fee# 2002004987, Book 3973 Page 119), EXCEPT the North 42 feet for a Mohave County Road Right-of-Way (Book 3099, Page 663), the West 42 feet and the East 25 feet (Book 2298, Page 247) for Mohave County Road Right-of-Ways

Containing 160 Acres more or less.

EXHIBIT B

Beaver Dam Water Company, Inc.
Docket Number SW-03067A-06-0397

Schedule DRE-WW-5

RATE DESIGN-WASTEWATER

	Company Proposed Rates	Staff Recommended Rates
<u>Minimum Monthly Flat Charge</u>		
Residential	\$40.00	\$45.00
Commercial	60.00	60.00
<u>Effluent Sales</u>		
Treated Effluent per 1,000 gallons	\$ 0.25	0.25
Service Line Connection Charges	\$ 400.00	400.00
<u>Service Charges</u>		
Establishment of Service	25.00	25.00
Reconnection/Delinquent	50.00	50.00
Deposit	0.00	0.00
Deposit Interest	0%	0%
Re-establishment of Service (Within 12 months)	25.00	*
NSF Check	15.00	15.00
Late Payment Penalty (per month on unpaid balance)	10.00	1.50%

* Per Commission Rules A.A.C. R14-2-603(D).

EXHIBIT "B"

DECISION NO. 70205

