



BEFORE THE ARIZONA CORPORATION COMMISSION

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KRISTIN K. MAYES  
Chairman  
GARY PIERCE  
Commissioner  
PAUL NEWMAN  
Commissioner  
SANDRA D. KENNEDY  
Commissioner  
BOB STUMP  
Commissioner

Arizona Corporation Commission

DOCKETED

JAN 20 2009

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IN THE MATTER OF THE APPLICATION  
OF ARIZONA WATER COMPANY, AN  
ARIZONA CORPORATION, FOR  
AUTHORITY TO IMPLEMENT ARSENIC  
COST RECOVERY MECHANISMS FOR  
ITS CASA GRANDE AND STANFIELD  
SYSTEMS IN ITS WESTERN GROUP

DOCKET NO. W-01445A-04-0650

DECISION NO. 70702

ORDER

Open Meeting  
January 13 and 14, 2009  
Phoenix, Arizona

BY THE COMMISSION:

**I. INTRODUCTION**

Pursuant to Decision Nos. 68302, 70192, and 66400, Arizona Water Company ("Company", "Applicant" or "AWC") filed an application on August 18, 2008, with the Arizona Corporation Commission ("Commission") requesting authorization to implement Step-Two of its Arsenic Cost Recovery Mechanism ("ACRM") for the Casa Grande system, and Step-One for its Stanfield system.

On September 16, 2008, the Company amended its application to include capital charges previously removed in its Casa Grande system concerning its Well 27/Lake in the Desert well site in the amount of \$505,458. The Company stated that the well went into service in July 2008.

The monthly arsenic surcharge per customer was established to aid the Company in its efforts to comply with the United States Environmental Protection Agency's ("EPA") new arsenic maximum contaminant level of 10 particles per billion ("ppb") which went into effect on January

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1 23, 2006. The EPA reduced the drinking water standard for arsenic from 50 ppb to 10 ppb  
2 effective January 23, 2006.

## 3 **II. Background**

4 The United States Environmental Protection Agency ("EPA") reduced the drinking water  
5 standard for arsenic from 50 parts per billion ("ppb") to 10 ppb effective January 23, 2006.

6 On November 14, 2005, the Commission issued Decision No. 68302, regarding a general  
7 rate increase for its Western Group. That Commission Decision authorized the filing of an ACRM  
8 for the Western Group which was consistent with Decision No. 66400 requirements for the  
9 Company's Northern Group.

10 On March 10, 2008, the Commission issued Decision No. 70192, which authorized the  
11 implementation of the Company's Casa Grande system Step-One ACRM.

12 The Step-One surcharge added \$1.89 to the monthly customer charge for a customer with a  
13 5/8- x 3/4-inch meter and \$.1558 per 1,000 gallons to the commodity rate. The Step-One surcharge  
14 increased the average residential customer bill by approximately \$3.27 from \$22.11 to \$25.38  
15 (14.8 percent).

16 On September 16, 2008, AWC filed an amended application to implement Step-Two of its  
17 Casa Grande ACRM. This application seeks to recover eligible arsenic related O&M costs and  
18 additional arsenic related plant in service not being recovered in the existing Step-One surcharge.

### 19 **Casa Grande Step Two**

20 In its amended application, filed September 16, 2008, the Company requests a Step-Two  
21 ACRM surcharge. The typical bill analysis for a 5/8" x 3/4" residential customer in its Casa Grande  
22 system indicates that the Step-Two surcharge would increase the average customer bill using 8,543  
23 gallons per month by \$1.09, from \$25.44 to \$26.53 (4.3%) as shown on Schedule DRR-3. The  
24 monthly minimum charge would increase by \$0.59 for additional arsenic plant in service and \$0.09  
25 for twelve months of Deferred Operation and Maintenance Costs ("DO&M") for a total of \$0.68  
26 from the current monthly customer charge for a 5/8-inch meter of \$12.37 to \$13.05. The  
27 commodity charge increase is \$0.0394 per thousand gallons for arsenic plant in service and  
28 \$0.0072 per 1,000 gallons for twelve months of DO&M for a total of \$0.0466, from \$0.1558 to

1 \$0.2024. After twelve months, the DO&M surcharges would be removed. Schedule DRR-1  
2 shows the original rate case charges, the increase for Step-One and Step-Two arsenic related  
3 charges and the effects of removing the DO&M costs after twelve months.

#### 4 **Stanfield Step-One**

5 The Company's amended application, filed September 16, 2008, did not impact the  
6 Stanfield request for a Step-One ACRM surcharge. The typical bill analysis for a 5/8" x 3/4"  
7 residential customer in its Stanfield system indicates that the Step-One surcharge would increase  
8 the average customer bill using 9,162 gallons per month by \$36.30, from \$38.85 to \$74.55 (94.2%)  
9 as shown on Schedule DRR-4. The minimum monthly charge would increase by \$17.16 from  
10 \$14.65 to \$31.81 (117.1 percent). The commodity rate per thousand gallons would increase by  
\$2.09 on each of the three tiers. (Schedule DRR-2)

11 On December 31, 2008, RUCO filed its report on its audit of AWC's Casa Grande Step-  
12 Two ACRM and Stanfield's Step-One surcharge requests. RUCO recommends adoption of the  
13 Company's application as filed with the Stanfield Step-One charges being limited to AWC's 10.5-  
14 percent increase option.

15 The Company's application has three alternative recovery designs, two of which transfer  
16 Stanfield's ACRM Step One costs to its Casa Grande system. The Company states that:

17 The Company's two alternative proposals, which include the partial  
18 consolidation of the Step-2 ACRM surcharge for the Casa Grande system and  
19 the Step-1 ACRM surcharge for the Stanfield system, are appropriate because  
20 the Casa Grande and Stanfield systems are functionally one unit, in terms of  
21 management, operating personnel, customer service, operation, and  
administration, and share the same regional source of water. The Company  
will be filing a Company-wide rate case in September 2008 in which it is  
proposing consolidation of Casa Grande and Stanfield systems.<sup>1</sup>

22 Staff recommends that the cost transference from one system to another be considered in  
23 the current rate case setting. Staff recommends that each system be treated on a stand-alone basis  
24 until the issue is resolved in the rate case currently under consideration. Schedule DRR-5 shows  
25 the Company's alternative charge designs and their customer impact on each system.

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28 <sup>1</sup> Company Application – pages 4 and 5.

**Authorization for an Arsenic Cost Recovery Mechanism (Decision No. 66400)**

On October 14, 2003, the Commission issued Decision No. 66400 granting AWC the authority to implement an Arsenic Cost Recovery Mechanism. The Decision also required AWC to file pertinent schedules and information to support its ACRM charges and that AWC file a full rate application no later than September 30, 2007 using a 2006 test year. A Commission Administrative Law Judge issued a Procedural Order on December 29, 2006 revising the rate filing date to September 30, 2008 and the test year to 2007.

Decision No. 66400 conditioned approval of an ACRM surcharge on the following criteria:

1. AWC shall file the schedules to show the actual cost of construction of arsenic related facilities and that the projected rate of return with the ACRM does not exceed authorized levels. AWC shall also file any relevant data requested by Staff to support the ACRM increase.
2. AWC shall file a full rate application no later than September 30, 2007, based on a 2006 test year.<sup>2</sup>
3. AWC shall identify as a separate line item on customer bills the charges attributable to federally mandated arsenic reduction costs. At least four times annually, the bills shall include in bold print or distinguishing ink color that the ACRM costs are the result of federal mandates by the United States Environmental Protection Agency.
4. AWC shall continue to monitor the availability of grants and low-cost financing sources for arsenic treatment facilities in order to mitigate the rate impact on its customers.
5. The ACRM schedules provide for the calculation of a surcharge based on financial records and an Earnings Test Schedule that limit the ACRM surcharge revenue to an amount that would not result in a rate of return exceeding that authorized in Decision 66400.

**Filing Requirements Compliance**

Staff does not note any deficiencies related to the Company's ACRM filings.

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<sup>2</sup> Subsequently revised by a Procedural Order, dated December 29, 2006, to September 30, 2008, based on a 2007 test year.

**1 Staff's Analysis****2 ACRM Schedules**

3 The Company's Casa Grande and Stanfield Districts filing includes the following  
4 schedules:

- 5 1. Balance Sheet – as of December 31, 2007.
- 6 2. Income Statement – period ending December 31, 2007.
- 7 3. Income Statement Adjustments (Earnings Test) – to conform to Decision No.  
8 68302.
- 9 4. Rate Review – a rate review filing for the Casa Grande and Stanfield Systems.
- 10 5. Arsenic Revenue Requirement – an arsenic revenue requirement calculation for  
11 Stanfield's Step-One and Casa Grande's Step-Two.
- 12 6. Surcharge Calculation – a detailed surcharge calculation for each system.
- 13 7. Rate Base – a schedule showing the elements and the calculation of the rate base.
- 14 8. Construction Work In Progress ("CWIP") Ledger – a ledger showing the  
15 construction work in progress account.
- 16 9. Typical Bill Analysis – ACRM Step 1 – A typical bill analysis showing the effects  
17 on residential customers at the average residential usage of at 8,843 gallons for  
18 Casa Grande customers and 9,162 gallons for Stanfield customers.

18 Staff concluded that the filed schedules conform to the methodologies originally required  
19 by Decision No. 66400.

20 The ACRM schedules provide for the calculation of a surcharge based on financial records  
21 and an Earnings Test Schedule that limit the ACRM surcharge revenue to an amount that would  
22 not result in a rate of return exceeding that authorized in Decision No. 68302.

**23 Staff's Adjustments To Company Schedules:****24 Casa Grande Step-Two**

25 Staff has made no adjustments to the Company schedules. Staff originally reduced arsenic  
26 plant in service for the Casa Grande Step-2 amounts by \$79,542, which in turn reduced the  
27 revenue requirement by \$13,651 from \$1,741,450 to \$1,727,799. The Company submitted files on

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1 November 22, 2008 providing both the missing invoices and accounting entries. Therefore, Staff's  
2 recommended surcharge agrees with the Company's amended application filed.

3 **Stanfield Step-One**

4 Staff audited all invoices and supporting documentation concerning the Company  
5 Schedules. Staff determined that the supporting schedules reflect the documentation amount  
6 submitted and that all schedules conformed to those required by Decision 66400. Staff did not  
7 find any mathematical or formula errors in the application.

8 \* \* \* \* \*

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

11 FINDINGS OF FACT

12 1. Pursuant to Decision Nos. 66400, 68302 and 70192, the Company seeks an arsenic  
13 cost recovery mechanism surcharge tariff in this proceeding authorizing a monthly surcharge per  
14 customer to aid the Company in its efforts to comply with the Environmental Protection Agency's  
15 ("EPA") new arsenic maximum contaminant level of 10 particles per billion ("ppb") which went  
16 into effect on January 23, 2006.

17 2. Pursuant to Decision No. 66400, the Company filed the required schedules prior to  
18 the implementation of the ACRM.

19 3. Staff determined that all the Company's filings reflect the correct amounts of  
20 ACRM plant that is considered to be used and useful, along with related adjustments to  
21 accumulated depreciation and depreciation expense.

22 4. Staff determined that the arsenic treatment facilities related to the Step-1 and Step-2  
23 ACRM surcharge requests were in service and providing water that now meets the new arsenic  
24 standard.

25 5. After review of the Company's application and Staff's December 31, 2008  
26 memorandum, we agree with the Company and RUCO that it is in the public interest to approve  
27 the Company's Casa Grande and Stanfield systems' Alternative "B" ACRM as shown in Schedule  
28 DRR-5 in Staff's memorandum.

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CONCLUSIONS OF LAW

1. The Company is a public water service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-250 and 40-252.

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

3. Approval of an arsenic cost recovery mechanism is consistent with the Commission's authority under the Arizona Constitution, Arizona ratemaking statutes, and applicable case law.

4. It is in the public interest to approve the Company's request for implementation of the ACRM.

ORDER

IT IS THEREFORE ORDERED that the application by Arizona Water Company for the implementation of the Arsenic Cost Recovery Mechanism for its Casa Grande and Stanfield systems is approved as discussed herein.

IT IS FURTHER ORDERED that the application by Arizona Water Company for its Casa Grande and Stanfield systems for approval of an arsenic cost recovery mechanism surcharge tariff shall be in accordance with Arizona Water Company's Alternative "B" as shown in Schedule DRR-5 of Staff's December 31, 2008 memorandum.

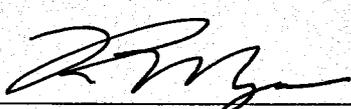
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1 IT IS FURTHER ORDERED that Arizona Water Company shall notify its customers of  
2 the arsenic cost recovery surcharge tariff approved herein within 30 days of the effective date of  
3 this Decision.

4 IT IS FURTHER ORDERED that Arizona Water Company file with the Commission  
5 Docket Control, within 30 days of the effective date of this Decision, revised tariffs consistent with  
6 this Decision.

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

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9 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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11 CHAIRMAN

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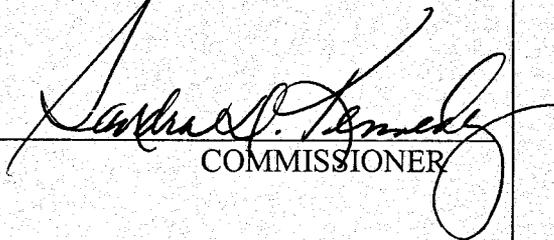
11 COMMISSIONER

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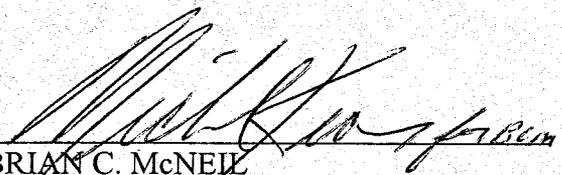
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14 COMMISSIONER

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14 COMMISSIONER

16 IN WITNESS WHEREOF, I BRIAN C. McNEIL, Executive  
17 Director of the Arizona Corporation Commission, have  
18 hereunto, set my hand and caused the official seal of this  
19 Commission to be affixed at the Capitol, in the City of  
20 Phoenix, this 20th day of JAN, 2009.

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22 BRIAN C. McNEIL  
23 EXECUTIVE DIRECTOR

24 DISSENT: \_\_\_\_\_

25 DISSENT: \_\_\_\_\_

26 EGJ:DRR:llm\CH  
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1 SERVICE LIST FOR: Arizona Water Company  
2 DOCKET NO. W-01445A-04-0650

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CASA GRANDE ACRM STEP-TWO TARIFF

MONTHLY USAGE CHARGE	Decision No. 68302	Arsenic		Decision No. 70192	Arsenic		Deferred O&M Surcharges	Staff Recommended		Percent Increase From 68302	Percent Increase From 70192	Percent Increase From 70192
		Step One Surcharges	Step Two Surcharges		Step One Surcharges	Step Two Surcharges		Step Two Monthly Minimum Rates	After Twelve Mo. O&M Deferral			
5/8" X 3/4" Meter	\$ 10.48	\$ 1.89	\$ 2.48	\$ 12.37	\$ 2.48	\$ 0.0900	\$ 13.05	\$ 24.52%	\$ 12.96	23.66%	5.50%	5.50%
1-inch Meter	\$ 25.20	\$ 4.54	\$ 5.95	\$ 29.74	\$ 5.95	\$ 0.0900	\$ 31.24	23.97%	\$ 31.15	23.61%	5.04%	5.04%
2-inch Meter	\$ 63.10	\$ 11.38	\$ 14.88	\$ 74.48	\$ 14.88	\$ 0.0900	\$ 78.07	23.72%	\$ 77.98	23.58%	4.82%	4.82%
3-inch Meter	\$ 105.15	\$ 18.96	\$ 24.80	\$ 124.11	\$ 24.80	\$ 0.0900	\$ 130.04	23.67%	\$ 129.95	23.59%	4.78%	4.78%
4-inch Meter	\$ 210.25	\$ 37.92	\$ 49.85	\$ 248.17	\$ 49.85	\$ 0.0900	\$ 260.19	23.75%	\$ 260.10	23.71%	4.84%	4.84%
6-inch Meter	\$ 367.90	\$ 66.35	\$ 87.05	\$ 434.25	\$ 87.05	\$ 0.0900	\$ 455.04	23.69%	\$ 454.95	23.66%	4.79%	4.79%
8-inch Meter	\$ 367.90	\$ 66.35	\$ 87.05	\$ 434.25	\$ 87.05	\$ 0.0900	\$ 455.04	23.69%	\$ 454.95	23.66%	4.79%	4.79%
10-inch Meter	\$ 1,205.20	\$ 217.35	\$ 285.20	\$ 1,422.55	\$ 285.20	\$ 0.0900	\$ 1,490.49	23.67%	\$ 1,490.40	23.66%	4.78%	4.78%

Gallons included in minimum	Decision No. 68302	Arsenic		Decision No. 70192	Arsenic		Deferred O&M Surcharges	Staff Recommended		Percent Increase From 68302	Percent Increase From 70192	Percent Increase From 70192
		Step One Surcharges	Step Two Surcharges		Step One Surcharges	Step Two Surcharges		Step Two Commodity Rates	After Twelve Mo. O&M Deferral			
Commodity Rates	\$ 1,000	\$ 0.1558	\$ 0.1952	\$ 1.1558	\$ 0.1952	\$ 0.0072	\$ 1.2024	15.58%	\$ 1.1952	20.24%	4.03%	4.03%
5/8" X 3/4" Meter	\$ 1,4869	\$ 0.1558	\$ 0.1952	\$ 1,6427	\$ 0.1952	\$ 0.0072	\$ 1,6893	10.48%	\$ 1,6821	13.61%	2.84%	2.84%
0 to 3,000 gallons	\$ 1,6500	\$ 0.1558	\$ 0.1952	\$ 1,8058	\$ 0.1952	\$ 0.0072	\$ 1,8524	9.44%	\$ 1,8452	12.27%	2.58%	2.58%
3,001 to 10,000 gallons	\$ 1,4869	\$ 0.1558	\$ 0.1952	\$ 1,6427	\$ 0.1952	\$ 0.0072	\$ 1,6893	10.48%	\$ 1,6821	13.61%	2.84%	2.84%
10,001 Gallons and over	\$ 1,6500	\$ 0.1558	\$ 0.1952	\$ 1,8058	\$ 0.1952	\$ 0.0072	\$ 1,8524	9.44%	\$ 1,8452	12.27%	2.58%	2.58%
1-inch Meter	\$ 1,4869	\$ 0.1558	\$ 0.1952	\$ 1,6427	\$ 0.1952	\$ 0.0072	\$ 1,6893	10.48%	\$ 1,6821	13.61%	2.84%	2.84%
0 to 67,000 Gallons	\$ 1,6500	\$ 0.1558	\$ 0.1952	\$ 1,8058	\$ 0.1952	\$ 0.0072	\$ 1,8524	9.44%	\$ 1,8452	12.27%	2.58%	2.58%
67,001 Gallons and over	\$ 1,4869	\$ 0.1558	\$ 0.1952	\$ 1,6427	\$ 0.1952	\$ 0.0072	\$ 1,6893	10.48%	\$ 1,6821	13.61%	2.84%	2.84%
2-inch Meter	\$ 1,6500	\$ 0.1558	\$ 0.1952	\$ 1,8058	\$ 0.1952	\$ 0.0072	\$ 1,8524	9.44%	\$ 1,8452	12.27%	2.58%	2.58%
0 to 296,000 Gallons	\$ 1,4869	\$ 0.1558	\$ 0.1952	\$ 1,6427	\$ 0.1952	\$ 0.0072	\$ 1,6893	10.48%	\$ 1,6821	13.61%	2.84%	2.84%
296,001 Gallons and over	\$ 1,6500	\$ 0.1558	\$ 0.1952	\$ 1,8058	\$ 0.1952	\$ 0.0072	\$ 1,8524	9.44%	\$ 1,8452	12.27%	2.58%	2.58%
3-inch Meter	\$ 1,4869	\$ 0.1558	\$ 0.1952	\$ 1,6427	\$ 0.1952	\$ 0.0072	\$ 1,6893	10.48%	\$ 1,6821	13.61%	2.84%	2.84%
0 to 552,000 Gallons	\$ 1,6500	\$ 0.1558	\$ 0.1952	\$ 1,8058	\$ 0.1952	\$ 0.0072	\$ 1,8524	9.44%	\$ 1,8452	12.27%	2.58%	2.58%
552,001 Gallons and over	\$ 1,4869	\$ 0.1558	\$ 0.1952	\$ 1,6427	\$ 0.1952	\$ 0.0072	\$ 1,6893	10.48%	\$ 1,6821	13.61%	2.84%	2.84%
4-inch Meter	\$ 1,6500	\$ 0.1558	\$ 0.1952	\$ 1,8058	\$ 0.1952	\$ 0.0072	\$ 1,8524	9.44%	\$ 1,8452	12.27%	2.58%	2.58%
0 to 1,195,000	\$ 1,4869	\$ 0.1558	\$ 0.1952	\$ 1,6427	\$ 0.1952	\$ 0.0072	\$ 1,6893	10.48%	\$ 1,6821	13.61%	2.84%	2.84%
1,195,001 Gallons and over	\$ 1,6500	\$ 0.1558	\$ 0.1952	\$ 1,8058	\$ 0.1952	\$ 0.0072	\$ 1,8524	9.44%	\$ 1,8452	12.27%	2.58%	2.58%
6-inch and 8-inch Meters	\$ 1,4869	\$ 0.1558	\$ 0.1952	\$ 1,6427	\$ 0.1952	\$ 0.0072	\$ 1,6893	10.48%	\$ 1,6821	13.61%	2.84%	2.84%
0 to 2,160,000	\$ 1,6500	\$ 0.1558	\$ 0.1952	\$ 1,8058	\$ 0.1952	\$ 0.0072	\$ 1,8524	9.44%	\$ 1,8452	12.27%	2.58%	2.58%
2,160,001 Gallons and over	\$ 1,4869	\$ 0.1558	\$ 0.1952	\$ 1,6427	\$ 0.1952	\$ 0.0072	\$ 1,6893	10.48%	\$ 1,6821	13.61%	2.84%	2.84%
10-inch Meter	\$ 1,4869	\$ 0.1558	\$ 0.1952	\$ 1,6427	\$ 0.1952	\$ 0.0072	\$ 1,6893	10.48%	\$ 1,6821	13.61%	2.84%	2.84%
0 to 7,292,000	\$ 1,6500	\$ 0.1558	\$ 0.1952	\$ 1,8058	\$ 0.1952	\$ 0.0072	\$ 1,8524	9.44%	\$ 1,8452	12.27%	2.58%	2.58%
7,292,001 Gallons and over	\$ 1,4869	\$ 0.1558	\$ 0.1952	\$ 1,6427	\$ 0.1952	\$ 0.0072	\$ 1,6893	10.48%	\$ 1,6821	13.61%	2.84%	2.84%

ARIZONA WATER COMPANY  
DOCKET NO. W-01445A-04-0650

Schedule DRR-2

STANFIELD ACRM STEP-ONE TARIFF
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MONTHLY USAGE CHARGE	Decision No. 68302	Arsenic Step One Surcharge	Step One Minimum Charge
5/8" X 3/4" Meter	\$ 14.65	\$ 17.16	\$ 31.81
1-inch Meter	\$ 36.63	\$ 42.91	\$ 79.54
2-inch Meter	\$ 117.20	\$ 137.28	\$ 254.48
3-inch Meter	\$ 234.40	\$ 274.56	\$ 508.96
4-inch Meter	\$ 366.25	\$ 429.00	\$ 795.25
6-inch Meter	\$ 732.50	\$ 858.00	\$ 1,590.50
8-inch Meter	\$ 1,172.00	\$ 1,372.80	\$ 2,544.80
10-inch Meter	\$ 1,684.75	\$ 1,973.40	\$ 3,658.15
Gallons included in minimum	0	0	0
<u>Commodity Rates</u>		Arsenic Step One Surcharge	Step One Commodity Charge
<u>5/8" X 3/4" Meter</u>			
0 to 3,000 gallons	\$ 2.0300	\$ 2.0891	\$ 4.1191
3,001 to 10,000 gallons	\$ 2.8900	\$ 2.0891	\$ 4.9791
10,001 Gallons and over	\$ 3.6000	\$ 2.0891	\$ 5.6891
<u>1-inch Meter</u>			
0 to 67,000 Gallons	\$ 2.8900	\$ 2.0891	\$ 4.9791
67,001 Gallons and over	\$ 3.6000	\$ 2.0891	\$ 5.6891
<u>2-inch Meter</u>			
0 to 296,000 Gallons	\$ 2.8900	\$ 2.0891	\$ 4.9791
296,001 Gallons and over	\$ 3.6000	\$ 2.0891	\$ 5.6891
<u>3-inch Meter</u>			
0 to 552,000 Gallons	\$ 2.8900	\$ 2.0891	\$ 4.9791
552,001 Gallons and over	\$ 3.6000	\$ 2.0891	\$ 5.6891
<u>4-inch Meter</u>			
0 to 1,195,000	\$ 2.8900	\$ 2.0891	\$ 4.9791
1,195,001 Gallons and over	\$ 3.6000	\$ 2.0891	\$ 5.6891
<u>6-inch and 8-inch Meters</u>			
0 to 2,160,000	\$ 2.8900	\$ 2.0891	\$ 4.9791
2,160,001 Gallons and over	\$ 3.6000	\$ 2.0891	\$ 5.6891
<u>10-inch Meter</u>			
0 to 7,292,000	\$ 2.8900	\$ 2.0891	\$ 4.9791
7,292,001 Gallons and over	\$ 3.6000	\$ 2.0891	\$ 5.6891

ARIZONA WATER COMPANY  
DOCKET NO. W-01445A-04-0650

Schedule DRR-3

CASA GRANDE ACRM STEP-TWO
TYPICAL BILL ANALYSIS
RESIDENTIAL CUSTOMER 5/8" X 3/4" METER

Line No.	[A] <u>Gallons Consumption</u>	[B] CASA GRANDE <u>Present Rates</u>	[C] CASA GRANDE <u>Proposed Rates</u>	[D] CASA GRANDE <u>Percent Increase</u>
1	0	\$12.37	\$13.05	5.5%
2	1,000	13.53	14.25	5.4%
3	2,000	14.68	15.45	5.3%
4	3,000	15.84	16.66	5.2%
5	4,000	17.48	18.35	5.0%
6	5,000	19.12	20.04	4.8%
7	6,000	20.77	21.73	4.6%
8	7,000	22.41	23.41	4.5%
9	8,000	24.05	25.10	4.4%
10	9,000	25.69	26.79	4.3%
11	10,000	27.34	28.48	4.2%
12	11,000	29.14	30.33	4.1%
13	12,000	30.95	32.19	4.0%
14	13,000	32.75	34.04	3.9%
15	14,000	34.56	35.89	3.9%
16	15,000	36.37	37.74	3.8%
17	20,000	45.39	47.01	3.6%
18	25,000	54.42	56.27	3.4%
19				
20				
21				
22	Average Residential Consumption	8,843	8,843	
23				
24	Average Residential Bill	\$25.44	\$26.53	4.3%
25				
26				
27	Minimum Rate	\$ 12.37	\$ 13.05	
28				
29	Commodity (per M Gallon)			
30	0-3,000 Gallons	\$ 1.1558	\$ 1.2024	
31	3,001 - 10,000 Gallons	\$ 1.6427	\$ 1.6893	
32	Over 10,000 Gallons	\$ 1.8058	\$ 1.8524	
33				
34	Gallons In Minimum	0	0	
35	Gallons In 1st Block	3,000	3,000	
36	Gallons In 2nd Block	10,000	10,000	
37	Gallons In 3rd Block	999,999	999,999	

<b>STANFIELD ACRM STEP-ONE</b>
<b>TYPICAL BILL ANALYSIS</b>
<b>RESIDENTIAL CUSTOMER 5/8" X 3/4" METER</b>

Line No.	[A] <u>Gallons Consumption</u>	[B] STANFIELD <u>Present Rates</u>	[C] STANFIELD <u>Proposed Rates</u>	[D] STANFIELD <u>Percent Increase</u>
1	0	\$14.65	\$31.81	117.1%
2	1,000	16.68	35.93	115.4%
3	2,000	18.71	40.05	114.0%
4	3,000	20.74	44.17	113.0%
5	4,000	23.63	49.15	108.0%
6	5,000	26.52	54.13	104.1%
7	6,000	29.41	59.10	101.0%
8	7,000	32.30	64.08	98.4%
9	8,000	35.19	69.06	96.3%
10	9,000	38.08	74.04	94.4%
11	10,000	40.97	79.02	92.9%
12	11,000	44.57	84.71	90.1%
13	12,000	48.17	90.40	87.7%
14	13,000	51.77	96.09	85.6%
15	14,000	55.37	101.78	83.8%
16	15,000	58.97	107.47	82.2%
17	20,000	76.97	135.91	76.6%
18	25,000	94.97	164.36	73.1%
19				
20				
21				
22	Average Residential Consumption	9,162	9,162	
23				
24	Average Residential Bill	\$ 38.55	\$ 74.85	94.2%
25				
26				
27	Minimum Rate	\$ 14.65	\$ 31.81	
28				
29	Commodity (per M Gallon)			
30	0-3,000 Gallons	\$ 2.0300	\$ 4.1191	
31	3,001 - 10,000 Gallons	\$ 2.8900	\$ 4.9791	
32	Over 10,000 Gallons	\$ 3.6000	\$ 5.6891	
33				
34	Gallons In Minimum	0	0	
35	Gallons In 1st Block	3,000	3,000	
36	Gallons In 2nd Block	10,000	10,000	
37	Gallons In 3rd Block	999,999	999,999	

ARIZONA WATER COMPANY - ACRM  
 DOCKET NO. W-01445A-04-0650  
 VARIOUS PROPOSALS COMBINING CASA GRANDE & STANFIELD

Schedule DRR-5

**CASA GRANDE STEP-TWO**

<u>Alternative</u>	<u>From</u>	<u>To</u>	<u>Increase</u>	<u>Percent</u>
"A"	\$ 25.44	\$ 26.53	\$ 1.09	4.3%
"B"	\$ 25.44	\$ 26.79	\$ 1.35	5.3%
"C"	\$ 25.44	\$ 26.75	\$ 1.31	5.1%

**STANFIELD STEP-ONE**

<u>Alternative</u>	<u>From</u>	<u>To</u>	<u>Increase</u>	<u>Percent</u>
"A"	\$ 38.55	\$ 74.85	\$ 36.30	94.2%
"B"	\$ 38.55	\$ 42.61	\$ 4.06	10.5%
"C"	\$ 38.55	\$ 48.17	\$ 9.62	25.0%