

**ORIGINAL**

**OPEN MEETING ITEM**



0000093741

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



MICHAEL P. KEARNS  
Interim Executive Director

**RECEIVED**

ARIZONA CORPORATION COMMISSION

2009 FEB 13 P 12: 37

DATE: FEBRUARY 13, 2009

DOCKET NO: W-02027A-08-0321

AZ CORP COMMISSION  
DOCKET CONTROL

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Belinda A. Martin. The recommendation has been filed in the form of an Order on:

**DATELAND PUBLIC SERVICE COMPANY, INC.  
(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 thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

FEBRUARY 23, 2009

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 Open Meeting to be held on:

MARCH 3, 2009 and MARCH 4, 2009

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 Director's Office at (602) 542-3931.

Arizona Corporation Commission

**DOCKETED**

FEB 13 2009

DOCKETED BY 

MICHAEL P. KEARNS  
INTERIM EXECUTIVE DIRECTOR

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 KRISTIN K. MAYES, Chairman  
4 GARY PIERCE  
5 PAUL NEWMAN  
6 SANDRA D. KENNEDY  
7 BOB STUMP

8 IN THE MATTER OF THE APPLICATION OF  
9 DATELAND PUBLIC SERVICE COMPANY,  
INC., FOR A PERMANENT RATE INCREASE.

DOCKET NO. W-02027A-08-0321

DECISION NO. \_\_\_\_\_

10 **ORDER**

11 Open Meeting  
12 March 3 and 4, 2009  
13 Phoenix, Arizona

14 **BY THE COMMISSION:**

15 On June 24, 2008, Dateland Public Service Company, Inc. ("Dateland" or "Company"), filed  
16 with the Arizona Corporation Commission ("Commission") an application for a permanent rate  
17 increase ("Application").

18 On July 23, 2008, the Commission's Utilities Division Staff ("Staff") issued its Letter of  
19 Deficiency.

20 On August 5 and August 19, 2008, the Company filed Amendments to its Application.

21 On September 19, 2008, Staff filed its Sufficiency Letter and classified the Company as a  
22 Class D utility.

23 On October 6, 2008, the Company filed for Staff approval its Curtailment and Backflow  
24 Tariffs.

25 On October 10, 2008, the Company filed an affidavit avowing it had notified its customers by  
26 mail on June 19, 2008, of its Application.

27 On November 28, 2008, Staff filed its Staff Report recommending approval of Dateland's  
28 Applications, subject to certain conditions.

On December 8, 2008, Staff filed its Amended Schedules to the Staff Report.

\* \* \* \* \*

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

3 **FINDINGS OF FACT**

4 1. Dateland is an Arizona 'C' corporation engaged in the business of providing water  
 5 utility service to the public approximately 50 miles southwest of Gila Bend, in Yuma County,  
 6 Arizona, pursuant to authority granted by the Commission in Decision No. 39886 (January 29, 1969).  
 7 The Company's present rates and charges for water service were approved in Decision No. 58594  
 8 (April 8, 1994).<sup>1</sup>

9 2. On June 24, 2008, Dateland filed its Application for a permanent rate increase. The  
 10 Company notified its customers of the proposed rates and charges by first class U.S. mail on June 19,  
 11 2008. No customer comments were received in response to this notification.

12 3. During the test year ended December 31, 2007, the Company served 103 metered  
 13 customers who were all served with 5/8" x 3/4" meters.

14 4. Average and median usage on the 5/8" x 3/4" meters during the test year were 9,396  
 15 and 7,082 gallons per month, respectively.

16 5. The rates and charges for the Company at present, as proposed in the application, and  
 17 as recommended by Staff are as follows:

	Present	Proposed	Rates
<u>MONTHLY USAGE CHARGE:</u>	<u>Rates</u>	<u>Company</u>	<u>Staff</u>
18 5/8" x 3/4" Meter	\$26.00	\$28.00	\$26.00
19 3/4" Meter	0.00	0.00	N/A
20 1" Meter	0.00	0.00	N/A
21 1-1/2" Meter	0.00	0.00	N/A
22 2" Meter	0.00	0.00	N/A
23 3" Meter	0.00	0.00	N/A
24 4" Meter	0.00	0.00	N/A
25 6" Meter	0.00	0.00	N/A

26 COMMODITY RATES:  
 27 Per 1,000 Gallons

28 <sup>1</sup> Dateland is receiving approximately \$726,000 in grant funds from the Rural Utilities Service, a division of the United States Department of Agriculture—Rural Development, to make substantial improvements to its system in order to support the population growth in the area and replace aging system components.

1	0 to 3,000 Gallons	\$0.00	\$2.00	\$1.00
2	3,001 to 7,000 Gallons	\$2.00	\$2.50	\$1.25
3	Over 7,000 Gallons	\$3.15	\$3.00	\$1.50

4 SERVICE LINE AND METER INSTALLATION CHARGES:

5		Current	Company's	Staff	Staff	Staff
6		Charges	Proposed	Recommended	Recommended	Recommended
7			Charges	Service Line	Meter Charges	Total Charges
8				Charges	*****	
6	5/8" x 3/4" Meter	\$285.00	\$500.00	\$400.00	\$100.00	\$500.00
7	3/4" Meter	320.00	550.00	415.00	205.00	620.00
8	1" Meter	360.00	600.00	465.00	265.00	730.00
9	1-1/2" Meter	454.00	900.00	520.00	475.00	995.00
10	2" Turbine	No Tariff	None Proposed	800.00	995.00	1,795.00
11	2" Compound	1,380.00	2,500.00	800.00	1,840.00	2,640.00
12	3" Turbine	No Tariff	None Proposed	1,015.00	1,620.00	2,635.00
13	3" Compound	No Tariff	Costs + 2,500	1,135.00	2,495.00	3,630.00
14	4" Turbine	No Tariff	None Proposed	1,430.00	2,570.00	4,000.00
15	4" Compound	No Tariff	Costs + 2,500	1,610.00	3,545.00	5,155.00
16	6" Turbine	No Tariff	None Proposed	2,150.00	4,925.00	7,075.00
17	6" Compound	No Tariff	Costs + 2,500	2,270.00	6,820.00	9,090.00

13		Current Charges	Company	Staff
14	<u>SERVICE CHARGES:</u>		Proposed	Recommended
14	Establishment	\$10.00	\$35.00	\$35.00
15	Establishment (After Hours)	15.00	50.00	50.00
16	Reconnection (Delinquent)	15.00	35.00	35.00
17	Meter Test (If Correct)	*	Cost	Cost
18	Deposit	*	100.00	*
19	Deposit Interest	*	0.00%	*
20	Re-Establishment (Within 12 Months)	*	**	**
21	NSF Check	\$10.00	\$32.00	\$35.00
22	Deferred Payment Per Month	1.50%	1.50%	1.50%
23	Meter Re-Read (If Correct)	5.00	5.00	5.00
24	Late Payment Fee		****	1.5% of unpaid balance

21	<u>Monthly Service Charge for Fire Sprinkler:</u>			
22	4" or Smaller	\$0.00	\$0.00	***
23	6"	0.00	0.00	***
24	8"	0.00	0.00	***
25	10"	0.00	0.00	***
26	Larger than 10"			

26 \* Per Commission rule A.A.C. R-14-2-403(B).

27 \*\* Months off system times the monthly minimum per Commission rule A.A.C. R14-2-403(D).

1           \*\*\* 1.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less  
2           than \$5.00 per month. The Service Charge for Fire Sprinklers is only applicable for  
3           service lines separate and distinct from the primary water service line.

4           \*\*\*\* \$10.00 or 10% of balance, whichever is greater.

5           \*\*\*\*\* Meter charge includes meter box or vault.

6           6. Staff determined Dateland's original cost rate base, which is the same as its fair value  
7           rate base ("FVRB"), to be \$64,466. This is a \$64,422 decrease to Dateland's proposed FVRB of  
8           \$128,888, based primarily upon Staff's adjustment to accumulated depreciation, adjustments to plant  
9           in service and working capital. Staff's proposed rate base adjustments are reasonable and will be  
10          adopted.

11          7. During the test year, Dateland collected total operating revenues of \$39,329. Staff  
12          made no adjustments to test year operating revenues.

13          8. Staff increased Dateland's claimed test year operating expenses by \$6,696, from  
14          \$34,739 to \$41,385, due to adjustments to purchased power expense, salaries and wages expense,  
15          water testing expense, outside services expense, depreciation expense, income taxes, and  
16          miscellaneous expenses. Staff's proposed adjustments to operating expenses are reasonable and will  
17          be adopted.

18          9. Based on Staff's analysis, Dateland's present water rates and charges produced  
19          operating revenues of \$39,329 and adjusted operating expenses of \$41,385, which resulted in an  
20          adjusted test year net operating loss of \$2,056 and no rate of return on FVRB.

21          10. The water rates and charges Dateland proposed would produce operating revenue of  
22          \$63,549 and operating expenses of \$34,739, resulting in an operating income of \$28,810, for a 23.04  
23          percent rate of return on its FVRB, and an operating margin of 45.34 percent.

24          11. The water rates and charges Staff recommends would produce adjusted operating  
25          revenues of \$48,522 and adjusted operating expenses of \$42,956, resulting in a \$5,566 operating  
26          income, for an 8.63 percent rate of return on its FVRB, and an operating margin of 11.47 percent.

27          12. The Company's proposed rate schedule would increase the average 5/8" x 3/4" meter  
28          monthly residential customer bill (9,396 gallons) by \$22.99, or 88.4 percent, from \$26.00 to \$48.99  
and would increase the median monthly residential customer bill (7,082 gallons) by \$17.21, or 66.2  
percent, from \$26.00 to \$43.21.

1           13. Staff's recommended rates would increase the average 5/8" x 3/4" meter monthly  
2 residential customer bill (9,396 gallons) by \$11.59, or 44.6 percent, from \$26.00 to \$37.59 and would  
3 increase the median monthly residential customer bill (7,082 gallons) by \$8.12, or 31.2 percent, from  
4 \$26.00 to \$34.12. Staff's recommended rates are reasonable and will be adopted.

5           14. Staff recommends that the Company file with Docket Control, as a compliance item in  
6 this Docket, a schedule of its Commission approved rates and charges within 30 days after the  
7 effective date of this Decision.

8           15. Additionally, Staff recommended that the Company be ordered to adopt Staff's  
9 depreciation rates by individual National Association of Regulatory Utility Commission category on  
10 a going-forward basis.

11           16. No objections were filed to the Staff Report.

12           17. According to the Staff Engineering Report, the Company's current system can  
13 adequately serve its present customer base.

14           18. Staff reports that the Arizona Department of Environmental Quality reported no  
15 deficiencies for the Company and determined that Dateland's water system is currently delivering  
16 water that meets the water quality standards required by A.A.C., Title 18, Chapter 4.

17           19. The Company is not within an Active Management Area, and, as such, is not subject  
18 to Arizona Department of Water Resources reporting and conservation requirements.

19           20. Dateland has in place approved curtailment and backflow prevention tariffs.

20           21. Dateland is current in its property and sales tax payments.

21           22. It is reasonable to allow Dateland to collect from its customers a proportionate share  
22 of any privilege, sales or use tax as provided for in Arizona Administrative Code ("A.A.C.") R-14-2-  
23 409(D).

24           23. Because an allowance for Dateland's property tax expense is included in the  
25 Company's rates and will be collected from its customers, the Commission seeks assurances from the  
26 Company that any taxes collected from ratepayers are being remitted to the appropriate taxing  
27 authority. It has come to the Commission's attention that a number of water companies have been  
28

1 unwilling or unable to fulfill their obligation to pay the taxes that were collected from ratepayers,  
2 some for as many as twenty years. It is reasonable, therefore as a preventive measure, that Dateland  
3 annually file, as part of its annual report, an affidavit with the Utilities Division attesting that the  
4 Company is current in paying its property taxes in Arizona.

5 24. We find that Staff's recommendations, as well as those recommendations set forth in  
6 Findings of Fact Nos. 22 and 23, above, are reasonable and should be adopted.

7 **CONCLUSIONS OF LAW**

8 1. Dateland is a public service corporation within the meaning of Article XV of the  
9 Arizona Constitution and A.R.S. §§ 40-250 and 40-251.

10 2. The Commission has jurisdiction over Dateland and of the subject matter of the  
11 Application.

12 3. Notice of the Application was provided in the manner prescribed by law.

13 4. The rates and charges authorized below are just and reasonable and should be  
14 approved without a hearing.

15 5. Staff's recommendations, as well as those recommendations set forth in Findings of  
16 Fact Nos. 22 and 23, are reasonable and should be adopted.

17 **ORDER**

18 IT IS THEREFORE ORDERED that Dateland Public Service Company, Inc., is hereby  
19 directed to file with Docket Control as a compliance item in this docket, on or before March 31,  
20 2009, revised rate schedules setting forth the following rates and charges:

21 **MONTHLY USAGE CHARGE:**

22	5/8" x 3/4" Meter	\$26.00
23	3/4" Meter	N/A
24	1" Meter	N/A
25	1-1/2" Meter	N/A
26	2" Meter	N/A
27	3" Meter	N/A
28	4" Meter	N/A
	6" Meter	N/A

1 COMMODITY RATES:

2 Per 1,000 Gallons

3	0 to 3,000 Gallons	\$1.00
	3,001 to 7,000 Gallons	\$1.25
4	Over 7,000 Gallons	\$1.50

5 SERVICE LINE AND METER INSTALLATION CHARGES:

6	Service Line	Meter Charges	Total Charges
	Charges	*****	
7	5/8" x 3/4" Meter	\$400.00	\$500.00
	3/4" Meter	415.00	620.00
8	1" Meter	465.00	730.00
	1-1/2" Meter	520.00	995.00
9	2" Turbine	800.00	1,795.00
	2" Compound	800.00	2,640.00
10	3" Turbine	1,015.00	2,635.00
	3" Compound	1,135.00	3,630.00
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	4" Compound	1,610.00	5,155.00
12	6" Turbine	2,150.00	7,075.00
	6" Compound	2,270.00	9,090.00

14 SERVICE CHARGES:

15	Establishment	\$35.00
	Establishment (After Hours)	50.00
16	Reconnection (Delinquent)	35.00
	Meter Test (If Correct)	Cost
17	Deposit	*
	Deposit Interest	*
18	Re-Establishment (Within 12 Months)	**
	NSF Check	\$35.00
19	Deferred Payment Per Month	1.50%
20	Meter Re-Read (If Correct)	5.00
21	Late Payment Fee	1.5% of unpaid balance

22 Monthly Service Charge for Fire Sprinkler:

23	4" or Smaller	***
	6"	***
24	8"	***
	10"	***
25	Larger than 10"	***

26 \* Per Commission rule A.A.C. R-14-2-403(B).

27 \*\* Months off system times the monthly minimum per Commission rule A.A.C. R14-2-403(D).

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\*\*\* 1.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than \$5.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.  
\*\*\*\* \$10.00 or 10% of balance, whichever is greater.  
\*\*\*\*\* Meter charge includes meter box or vault.

IT IS FURTHER ORDERED that the above rates and charges shall be effective for all service provided on and after April 1, 2009.

IT IS FURTHER ORDERED that Dateland Public Service Company, Inc., shall notify its customers of the rates and charges authorized herein, and their effective date, in a form acceptable to the Commission's Utilities Division Staff, by means of an insert in the Company's next regularly scheduled billing.

IT IS FURTHER ORDERED that in addition to collection of its regular rates and charges, Dateland Public Service Company, Inc., shall collect from its customers a proportionate share of any privilege, sales or use tax per A.C.C. R14-2-409(D).

IT IS FURTHER ORDERED that Dateland Public Service Company, Inc., shall adopt Staff's depreciation rates by individual National Association of Regulatory Utility Commission category on a going-forward basis.

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IT IS FURTHER ORDERED that Dateland Public Service Company, Inc., shall annually file as part of its annual report, an affidavit with the Utilities Division attesting that Dateland Public Service Company, Inc. is current in paying its property taxes in Arizona.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, MICHAEL KEARNS, Interim Executive Director of the Arizona Corporation Commission, have 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 \_\_\_\_\_, 2009.

MICHAEL KEARNS  
INTERIM EXECUTIVE DIRECTOR

DISSENT \_\_\_\_\_

DISSENT \_\_\_\_\_

1 SERVICE LIST FOR:

DATELAND PUBLIC SERVICE COMPANY, INC.

2 DOCKET NO.

W-02027A-08-0321

3

Michelle Lane

4 Alice Erb

DATELAND PUBLIC SERVICE COMPANY

5 P. O. Box 3011

Dateland, Arizona 85333

6

Janice Alward, Chief Counsel

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Ernest G. Johnson, Director

10 Utilities Division

ARIZONA CORPORATION COMMISSION

11 1200 West Washington Street

Phoenix, Arizona 85007

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