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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

JUN - 5 2009

DOCKETED BY
NR

IN THE MATTER OF THE APPLICATION
OF RANCHO DEL CONEJO COMMUNITY
WATER CO-OP, INC., FOR AN ARSENIC
REMEDICATION SURCHARGE

DOCKET NOS. W-02102B-07-0273
W-02102B-07-0163
DECISION NO. 71102
ORDER

Open Meeting
May 26 and 27, 2009
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Rancho del Conejo Community Water Co-op, Inc. ("Rancho del Conejo" or "Cooperative") is a non-profit corporation and a certificated Class C public service corporation that provides water service to approximately 327 customers in Pima County, Arizona. The Cooperative is located approximately 2½ miles north of the City of Tucson.

2. Rancho del Conejo's current rates were approved in Decision No. 70311, dated April 24, 2008.

3. Decision No. 70311 also authorized the Cooperative to borrow up to \$200,000 from the Arizona Water Infrastructure Finance Authority ("WIFA"), and ordered that the Cooperative file an arsenic remediation surcharge mechanism ("ARSM") application for the arsenic related portion of the WIFA loan.

4. On February 27, 2009, pursuant to Decision No. 70311, Rancho del Conejo filed an application with the Arizona Corporation Commission ("Commission") requesting an Arsenic Remediation Surcharge Mechanism ("ARSM").

5. In the rate case, Staff recommended a methodology for determining the surcharge amount once the Cooperative knew the final loan amount and terms. Staff's methodology involved: 1) finding the annual payment on the loan; 2) finding the annual interest payment amount; 3) finding the annual principal payment amount; 4) calculating the total annual surcharge revenue requirement, which is the sum of the annual interest and principal payments; 5) determining the yearly total number of customers, by multiplying the total monthly number of bills for all meter sizes by 12; and 6) determining the monthly surcharge for each customer by dividing the annual surcharge revenue by the number of customer bills.

6. Decision No. 70311 concluded that Staff's recommendations were reasonable and should be adopted.

7. Staff replicated the methodology adopted by Decision No. 70311, to reflect the most recent data. The resulting surcharge was \$3.18 per customer.

8. In Rancho del Conejo's ARSM application, the Cooperative indicated that the surcharge should be increased by 10 percent to address nonpayment and late payment concerns.

9. Decision No. 70311, however, did not authorize an increase to the surcharge due to nonpayment and late payments; therefore, Rancho del Conejo's request should be denied.

10. Based on its analysis, Staff concluded that implementation of an ARSM resulting in a surcharge of \$3.18 per customer is consistent with Decision No. 70311.

11. Staff recommends approval of an ARSM as shown below:

Meter Size	Number of Customers ¹	Number of Bills x 12	Monthly Surcharge	Yearly Surcharge	Total Amount
5/8" x 3/4" Meter	298	3576	\$ 3.18	\$ 38.19	\$11,382.05
3/4" Meter	12	144	\$ 3.18	38.19	458.34
1" Meter	17	204	\$ 3.18	38.19	649.31
1 1/2" Meter	0	0	-	-	-
2" Meter	0	0	-	-	-
3" Meter	0	0	-	-	-
4" Meter	0	0	-	-	-
6" Meter	0	0	-	-	-
TOTAL	327	3924			\$12,489.70

¹ Number of customers as of March 31, 2009.

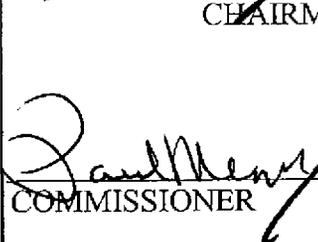
1 IT IS FURTHER ORDERED that Rancho del Conejo Community Water Co-op, Inc. shall
2 notify its customers of the Arsenic Remedial Surcharge tariff within 30 days of the effective date
3 of the decision resulting from this proceeding.

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

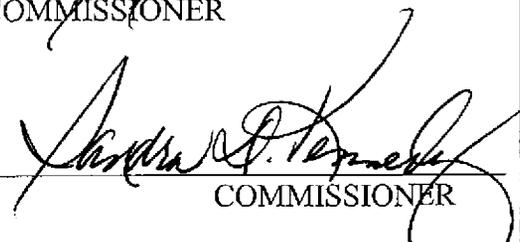
5
6 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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9 CHAIRMAN

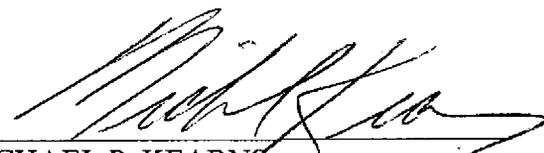

COMMISSIONER

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12 COMMISSIONER


COMMISSIONER


COMMISSIONER

13 IN WITNESS WHEREOF, I, MICHAEL P. KEARNS, Interim
14 Executive Director of the Arizona Corporation Commission,
15 have hereunto, set my hand and caused the official seal of this
16 Commission to be affixed at the Capitol, in the City of
17 Phoenix, this 5TH day of JUNE, 2009.

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20 MICHAEL P. KEARNS
21 INTERIM EXECUTIVE DIRECTOR

22 DISSENT: _____

23 DISSENT: _____

24 EGJ:PMC:lhm\JMA
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1 SERVICE LIST FOR: RANCHO DEL CONEJO COMMUNITY WATER CO-OP, INC.
2 DOCKET NO.: W-02102B-07-0273 and W-02102B-07-0163

3 Mr. Steve Wene
4 Moyes Sellers & Sims
5 1850 North Central Avenue, Suite 1100
6 Phoenix, Arizona 85004

7 Mr. Ernest G. Johnson
8 Director, Utilities Division
9 Arizona Corporation Commission
10 1200 West Washington
11 Phoenix, Arizona 85007

12 Ms. Janice M. Alward
13 Chief Counsel, Legal Division
14 Arizona Corporation Commission
15 1200 West Washington Street
16 Phoenix, Arizona 85007

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