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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

Arizona Corporation Commission

DOCKETED

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

JUN 5 5 2009

DOCKETED BY
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IN THE MATTER OF THE APPLICATION OF
WALNUT CREEK WATER COMPANY, INC.
FOR A PERMANENT RATE INCREASE.

DOCKET NO. W-02466A-08-0486

DECISION NO. 71173

ORDER

Open Meeting
June 23 and 24, 2009
Phoenix, Arizona

BY THE COMMISSION:

This case involves an application for a permanent rate increase filed with the Arizona Corporation Commission ("Commission") on September 22, 2008, by Walnut Creek Water Company, Inc. ("Walnut Creek"), which the Commission's Utilities Division Staff ("Staff") has classified as a Class D Water Utility.

* * * * *

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

FINDINGS OF FACT

1. Walnut Creek is an Arizona S corporation providing water utility service, pursuant to authority granted by the Commission, to approximately 255 metered customers in an area approximately four miles southwest of Kingman in Mohave County, Arizona. Walnut Creek received a Certificate of Convenience and Necessity ("CC&N") to operate as a water utility in Commission Decision No. 55186 (September 4, 1986).

2. Walnut Creek's present rates and charges for water utility service were approved in Commission Decision No. 57108 (September 21, 1990), and became effective October 1, 1990.

1 3. Walnut Creek filed its ratemaking application in this docket on September 22, 2008,
2 apparently to comply with the requirement in Commission Decision No. 69951 (October 30, 2007)
3 for Walnut Creek to file a rate application, using a 2007 test year, by May 31, 2008.¹ In its
4 application, Walnut Creek proposed an increase in revenues of \$69,377, approximately 61.75 percent
5 of its reported 2007 Test Year ("TY") total operating revenues of \$112,350, to bring its revenues to
6 \$178,975.² Walnut Creek reported TY total operating expenses of \$191,271, resulting in an operating
7 loss of \$78,921 and no rate of return for the TY.

8 4. Walnut Creek stated in its application that it would like to at least break even in its
9 water operations so that it can maintain current operations and continue to grow. Walnut Creek stated
10 that the costs of power and of maintaining and operating equipment have increased greatly and that it
11 needs to update its manual water control system to an automated system to allow for better service
12 and more efficient operations.³ Walnut Creek also stated that Mohave County is beginning to
13 experience substantial growth and that Walnut Creek expects to see an increase in payroll expenses
14 and a need for additional and updated equipment as a result. Walnut Creek stated that it expects to
15 see development of approximately 750 to 775 additional residential units within its service area in the
16 next three to five years.

17 5. In its application, Walnut Creek included an Affidavit stating that notice of the rate
18 application had been sent to all of its customers via the U.S. Postal Service on September 22, 2008.
19 The notice sent to customers showed that Walnut Creek was requesting a revenue increase of
20 \$66,625, or 59.3 percent of TY total revenues.⁴

21
22 ¹ Walnut Creek stated in its application in this matter that the Commission had asked it to submit an application for a rate
23 increase based on the Commission's review of Walnut Creek's operations during a water-line extension project. Walnut
24 Creek was ordered to file a rate application in Decision No. 69951, which granted Walnut Creek a CC&N extension
25 conditioned upon Walnut Creek's charging its existing tariffed rates and charges in the extension area; filing, within two
26 years of the effective date of the decision, an Arizona Department of Environmental Quality Certificate of Approval of
27 Construction for the water facilities needed to serve the extension area; and filing, by May 31, 2008, a rate application
28 utilizing a 2007 test year. Decision No. 69951 stated that Walnut Creek's CC&N extension would be deemed null and
void after due process if Walnut Creek failed to timely comply with the two filing requirements.

² Although the application indicated that an increase of \$69,377 was requested to bring total annual operating revenues
to \$178,975, the \$69,377 increase would actually bring total annual operating revenues to \$181,727.

³ Walnut Creek stated that it intends to finance this upgrade through personal loans. We remind Walnut Creek that it
needs to file a financing application with the Commission prior to incurring any long-term debt or encumbering any of its
plant or system necessary or useful in the performance of its duties to the public.

⁴ This requested increase is consistent with Walnut Creek's request to bring its annual operating revenues to \$178,975.

1 6. On September 25, 2008, Staff's Consumer Services Section received a comment from
2 a customer opposed to Walnut Creek's requested rate increase. The customer did not elaborate
3 beyond simply expressing opposition.

4 7. On October 22, 2008, Staff issued a Letter of Deficiency.

5 8. On December 5, 2008, Walnut Creek filed responses to the Letter of Deficiency. In its
6 responses, Walnut Creek replaced several pages from its application to correct bill counts,
7 classification of revenue, customer meter counts, customer counts, gallons sold, and revenue
8 requested. Walnut Creek stated that its billing software had created errors in customer count and bill
9 count, which resulted in errors elsewhere. As a result of the corrected figures, Walnut Creek
10 increased the amount of requested total annual operating revenue to \$200,353, which would be an
11 annual increase in revenues of \$88,003, or 78.33 percent over TY revenues. Walnut Creek included
12 an Affidavit stating that revised notice of the rate application had been sent to all of its customers via
13 the U.S. Postal Service on December 4, 2008.⁵ Walnut Creek also provided arsenic levels for each of
14 its active wells and indicated that, as of November 3, 2008, it had a Backflow Prevention Tariff on
15 file with the Commission. Walnut Creek did not revise its proposed rates and charges from those
16 included in its application.

17 9. On January 5, 2009, Staff issued a Letter of Sufficiency, classifying Walnut Creek as a
18 Class D water utility.

19 10. On March 23, 2009, Staff filed its Staff Report recommending approval of the
20 application using Staff's recommended rates and charges. Walnut Creek did not file a response to the
21 Staff Report.

22 11. On April 17, 2009, a Procedural Order was issued requiring Staff to file an update to
23 the Staff Report explaining how Staff treated \$747,671 characterized as long-term debt in the
24 application and providing Staff's analysis of whether the debt required Commission authorization.
25 The Procedural Order also required Walnut Creek to file a document explaining the causes of its TY
26 water loss of 18.06 percent and describing the steps Walnut Creek has taken to reduce its system's

27 _____
28 ⁵ The notice sent to customers showed that Walnut Creek was requesting a revenue increase of \$88,003, or 78.33 percent of TY revenues.

1 water loss. The Procedural Order extended the Commission's deadline to issue a decision in this
2 matter by 28 days.

3 12. On May 4, 2009, Walnut Creek filed a document regarding its TY water loss of
4 6,056,000 gallons. Walnut Creek reported that 1,920,000 gallons were actually sold as bulk water to
5 the Mohave County Road Department ("MCRD") for \$5,609⁶ and that the revenue was included as
6 water revenue,⁷ although the 1,920,000 gallons were not included in the TY water use data or Walnut
7 Creek's 2007 annual report.⁸ Walnut Creek reported that an additional 2,814,000 gallons were sold
8 to other bulk water users, who were billed a total of \$7,598.⁹ Walnut Creek explained that 81,000
9 gallons were lost through twice-yearly flushing of the 27 fire hydrants on its system and that an
10 additional 300,000 gallons were lost due to 10 identified major water line leaks that took place during
11 the TY. In conclusion, Walnut Creek stated that only 941,000 gallons are actually unaccounted for,
12 which represents a 3 percent loss. Walnut Creek stated that it will more accurately report gallons
13 billed in its annual reports, with Staff direction; that it will keep better statistics on water line repair
14 issues that account for a portion of its water loss; and that it is open to any other direction that Staff or
15 the Commission may provide regarding water loss.

16 13. On May 8, 2009, Staff filed an update to the Staff Report explaining that the \$747,671
17 characterized as long-term debt by Walnut Creek actually should have been characterized as paid-in-
18 capital. Staff recommended that this amount be characterized as paid-in-capital.¹⁰

19 14. On June 2, 2009, Staff docketed copies of two data requests and data responses not
20 previously docketed in this matter. The data requests were issued November 20, 2008, and January
21 22, 2009, and the data responses were received by Staff December 2, 2008, and February 4, 2009.

22 ⁶ This amounts to approximately \$2.92 per 1,000 gallons.

23 ⁷ Walnut Creek stated that the MCRD is billed based on readings taken from its own metered water truck and reported to
24 Walnut Creek.

25 ⁸ We understand this to mean that these gallons were not included in water sold, although they were included in water
26 pumped.

27 ⁹ This amounts to approximately \$2.70 per 1,000 gallons. We believe that this revenue was also included in Walnut
28 Creek's TY water revenues.

¹⁰ In its data response dated December 2, 2008, Walnut Creek explained that these "loans" were made by an individual
owner and by entities owned by the three owners of Walnut Creek. Walnut Creek also stated that no formal loan
documents were executed and that debt service for these "loans" should not be considered when calculating Walnut
Creek's rates. In light of the information provided by Walnut Creek and Staff's determination that these "loans" were
actually paid-in-capital, it is appropriate to treat this amount as paid-in-capital, which does not require Commission
authorization as long-term debt.

1 15. At the end of the TY, Walnut Creek was serving 254 metered customers, including
 2 250 served by 5/8" x 3/4" meters, two served by 1" meters, one served by a 1 1/2" meter, and one
 3 served by a 2" meter. Walnut Creek also reports that it was serving 15 unmetered customers.¹¹

4 16. Average and median water usage by residential users during the TY were 9,204
 5 gallons and 6,101 gallons of water per month, respectively.

6 17. The water rates and charges for Walnut Creek at present, as proposed in the rate
 7 application, and as recommended by Staff in the Staff Report are as follows:

<u>MONTHLY USAGE CHARGE:</u>	<u>Present Rates</u>	<u>Company Proposed</u>	<u>Staff Recommended</u>
5/8" x 3/4" Meter	\$ 15.00	\$ 18.00	\$ 18.00
3/4" Meter	18.75	24.00	24.00
1" Meter	24.00	30.00	30.00
1 1/2" Meter	30.00	36.00	36.00
2" Meter	40.00	46.00	46.00
3" Meter	50.00	56.00	56.00
4" Meter	N/A	N/A	112.00
6" Meter	N/A	N/A	224.00
Gallons Included in Minimum	2,000	2,000	0

16 Commodity Rates (Per 1,000 Gallons)

17 All Meter Sizes

17 2,001 to 10,000 Gallons

\$2.00

18 Over 10,000 Gallons

2.70

19 2,001 to 5,000 Gallons

\$4.58

20 5,001 to 10,000 Gallons

5.30

20 Over 10,000 Gallons

7.90

21 5/8" x 3/4" & 3/4" Meters

22 1 to 3,000 Gallons

\$2.00

23 3,001 to 9,000 Gallons

3.75

23 Over 9,000 Gallons

5.90

24 1" Meter

25 1 to 10,000 Gallons

\$3.75

25 Over 10,000 Gallons

5.90

26 1 1/2" Meter

27 1 to 20,000 Gallons

\$3.75

28 ¹¹ These customers apparently include the MCRD and the other purchasers of bulk water.

1	Over 20,000 Gallons				5.90
2	<u>2" Meter</u>				
	1 to 40,000 Gallons				\$3.75
3	Over 40,000 Gallons				5.90
4	<u>3" Meter</u>				
5	1 to 144,000 Gallons				\$3.75
	Over 144,000 Gallons				5.90
6	<u>4" Meter</u>				
7	1 to 225,000 Gallons				\$3.75
8	Over 225,000 Gallons				5.90
9	<u>6" Meter</u>				
10	1 to 450,000 Gallons				\$3.75
	Over 450,000 Gallons				5.90
11	<u>Construction/Bulk Water</u>				
12	All Gallons	N/A		N/A	\$5.90

SERVICE LINE AND METER INSTALLATION CHARGES:
 (Refundable pursuant to A.A.C. R14-2-405)

STAFF RECOMMENDED

	<u>Present</u> ¹²	<u>Company Proposed</u> ¹³	<u>Service Line Charge</u>	<u>Meter Installation</u>	<u>Total</u>	
16	5/8" x 3/4" Meter	\$ 250.00	\$ 830.00	\$ 445.00	\$ 155.00	\$ 600.00
17	3/4" Meter	275.00	830.00	445.00	255.00	700.00
	1" Meter	300.00	1,050.00	495.00	315.00	810.00
18	1 1/2" Meter	450.00	1,475.00	550.00	525.00	1,075.00
	2" Turbine Meter	625.00	2,110.00	830.00	1,045.00	1,875.00
19	2" Compound Meter	625.00	2,110.00	830.00	1,890.00	2,720.00
	3" Turbine Meter	825.00	2,750.00	1,045.00	1,670.00	2,715.00
20	3" Compound Meter	825.00	2,750.00	1,165.00	2,545.00	3,710.00
21	4" Turbine Meter	N/A	N/A	1,490.00	2,670.00	4,160.00
	4" Compound Meter	N/A	N/A	1,670.00	3,645.00	5,315.00
22	6" Turbine Meter	N/A	N/A	2,210.00	5,025.00	7,235.00
23	6" Compound Meter	N/A	N/A	2,330.00	6,920.00	9,250.00

SERVICE CHARGES:

	<u>Present</u>	<u>Company Proposed</u>	<u>Staff Recommended</u>	
25	Establishment	\$15.00	\$50.00	\$30.00
	Establishment (After Hours)	20.00	75.00	60.00
26	Reconnection (Delinquent)	25.00	90.00	25.00

¹² Walnut Creek's current tariff does not differentiate between turbine and compound meters.

¹³ Walnut Creek's proposed tariff does not differentiate between turbine and compound meters.

1	Reconnection (Delinquent) After Hours	25.00	125.00	50.00
2	Meter Test (If Correct)	25.00	50.00	25.00
3	Deposit	*	*	*
4	Deposit Interest	*	*	6.00%
5	Reestablishment (Within 12 Months)	**	**	**
6	NSF Check	\$15.00	\$30.00	\$30.00
7	Deferred Payment (Per Month)	1.50%	1.50%	1.50%
8	Meter Re-Read (If Correct)	\$10.00	\$15.00	\$15.00
9	Late Payment (Per Month)	N/A	\$10.00	***
10	Monthly Service Charge for Fire Sprinkler (All Sizes)	N/A	N/A	****

* Per Commission rule (R14-2-403(B)).

** Months off system times the monthly minimum (R14-2-403(D)).

*** 1.50% of the unpaid balance per month.

**** 1.00%¹⁴ of the monthly minimum for a comparably 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.

18. Walnut Creek does not currently have a Commission-approved bulk water rate, but has been selling a substantial amount of bulk water to the MCRD and a number of other persons, both construction users and individuals. Walnut Creek's general ledger for the TY shows revenue of \$14,928.55 from bulk water sales, which coincides with the amount of unmetered water revenue Walnut Creek reported in its revised application pages.¹⁵ Staff has recommended a bulk water rate, but has not recommended that any action be taken as a result of Walnut Creek's failure to comply with its legal obligation to charge only those rates and charges included in its Commission-approved tariffs. While we believe that it is appropriate to approve the bulk water rate recommended by Staff, we also believe that it is necessary to remind Walnut Creek that it may not lawfully charge a bulk water rate that has not been approved by the Commission and to admonish Walnut Creek that it may only charge those tariffed rates and charges that have been approved by the Commission. We will put Walnut Creek on notice in this Decision that future failure to comply with this restriction may lead to further steps, which could include the filing of an Order to Show Cause or other adverse actions.

19. In light of the discrepancy concerning the revenue received from bulk water sales,¹⁶

¹⁴ We have corrected the omission of a decimal point as a typographical error.

¹⁵ It is unclear why this figure does not match the total of the two figures provided by Walnut Creek in its May 4, 2009, filing.

¹⁶ See Findings of Fact Nos. 12 and 18.

1 Walnut Creek's revelation that the bulk water sold to the MCRD is metered through MCRD's truck
2 and reported to Walnut Creek by MCRD rather than being metered and recorded by Walnut Creek
3 directly, and the lack of information concerning how Walnut Creek meters and records the bulk water
4 purchased by other persons, we are concerned that Walnut Creek may not be keeping accurate records
5 of its bulk water sales. Thus, we will order Walnut Creek to install a meter at each bulk water supply
6 point and to secure each bulk water supply point so that only authorized persons can obtain access to
7 the water supply and so that all bulk water obtained is metered and recorded by Walnut Creek
8 directly, and Walnut Creek charges all recipients of bulk water consistently and according to the
9 tariffed bulk water rate approved herein.

10 20. We also note that Walnut Creek filed its rate application in this matter almost four
11 months later than the deadline established in Decision No. 69951. Staff has not recommended that
12 any action be taken as a result of Walnut Creek's failure to meet the filing deadline. However, we
13 believe that it is necessary to remind Walnut Creek of its legal duty to comply with Commission
14 Orders and to impress upon Walnut Creek that requirements established in Commission Orders are
15 not requests—they are mandates with which Walnut Creek is legally required to comply. Indeed,
16 Walnut Creek needs to understand that its failure to comply with the rate application filing deadline
17 in Decision No. 69951 could have resulted in the Commission's taking action to render the CC&N
18 extension granted therein null and void. Should Walnut Creek fail to comply with Commission
19 Orders in the future, the Commission may take further steps, which could include the filing of an
20 Order to Show Cause or other adverse actions.

21 21. Staff determined Walnut Creek's original cost rate base ("OCRB") to be \$298,460.
22 This was an overall decrease of \$212 from Walnut Creek's OCRB of \$298,672. Staff calculated the
23 OCRB by decreasing plant in service by \$58,462 to remove the cost of Well No. 5 and its pumping
24 equipment, which Staff determined not to be used and useful as the well is not in service; decreasing
25 accumulated depreciation by \$44,725 to correct depreciation methodology¹⁷ and remove depreciation
26 for Well No. 5 and its pumping equipment; and by adding a \$13,525 cash working capital allowance

27 _____
28 ¹⁷ Staff stated that Walnut Creek incorrectly computed depreciation using a full-year depreciation amount rather than the
half-year convention methodology for the year plant items were added to plant in service.

1 calculated using the formula method. Staff's proposed adjustments to rate base are reasonable, and
2 we will adopt Staff's OCRB.

3 22. Walnut Creek expressly waived use of reconstruction cost new rate base to determine
4 its fair value rate base ("FVRB"). We find that Walnut Creek's FVRB is equal to its OCRB of
5 \$298,460.

6 23. Staff recommended numerous adjustments to Walnut Creek's TY total operating
7 expenses, resulting in an overall decrease of \$38,301, to bring Walnut Creek's TY total operating
8 expenses to \$152,970 and its TY operating loss to \$40,620. Staff reduced repairs and maintenance
9 expense by \$21,996 to reflect a normalized expense obtained through averaging the expenses for five
10 years; decreased outside services expense by \$3,272 to remove miscategorized testing expenses and
11 to remove non-water-company expenses pertaining to a wastewater facility; increased water testing
12 expenses by \$1,109 to reflect a normalized expense level for Monitoring Assistance Program
13 ("MAP") participants; decreased miscellaneous expenses by \$432 to reflect a normalized expense
14 obtained through averaging the expenses for three years; and decreased depreciation expense by
15 \$13,710 to reflect removal of depreciation on fully depreciated plant and on Well No. 5 and its
16 pumping equipment. Staff's adjustments to Walnut Creek's TY operating expenses are reasonable
17 and will be adopted.

18 24. Staff did not recommend any adjustments to Walnut Creek's TY revenue of \$112,350.

19 25. The water rates and charges Walnut Creek proposes would produce total operating
20 revenue of \$200,353. Using the total operating expenses of \$152,970 adopted herein, this would
21 result in operating income of \$47,383, a 23.65 percent operating margin, and a rate of return on
22 FVRB¹⁸ of 15.88 percent.

23 26. The water rates and charges Staff recommends would produce total operating revenue
24 of \$182,824. Using the total operating expenses of \$152,970 adopted herein, this would result in
25 operating income of \$29,854, a 16.33 percent operating margin, and a rate of return on FVRB of
26 10.00 percent.

27
28 ¹⁸ We use the FVRB of \$298,460 recommended by Staff and adopted herein.

1 27. Walnut Creek's proposed rates would increase the average monthly customer water
2 bill by \$24.61, or 83.68 percent, from \$29.41 to \$54.02, and the median monthly customer water bill
3 by \$14.37, or 61.94 percent, from \$23.20 to \$37.57.

4 28. Staff's recommended rates would increase the average monthly customer water bill by
5 \$18.29, or 62.19 percent, from \$29.41 to \$47.70, and the median monthly customer water bill by
6 \$12.43, or 53.58 percent, from \$23.20 to \$35.63.

7 29. Staff recommends approval of Staff's recommended rates and charges and further
8 recommends the following:

9 (a) That, in addition to collecting its regular rates and charges, Walnut Creek be
10 permitted to collect from its customers a proportionate share of any privilege, sales, or use tax
11 as provided for in A.A.C. R14-2-409(D);

12 (b) That Walnut Creek be ordered to file with Docket Control, as a compliance
13 item in this docket, within 30 days after the issuance of a Decision in this matter, a schedule
14 of its approved rates and charges;

15 (c) That Walnut Creek be ordered to use, on a going-forward basis, the
16 depreciation rates delineated in Table B of the Engineering Report portion of the Staff Report;

17 (d) That Walnut Creek be ordered to use the mid-year convention in calculating
18 depreciation for first and last year of life of all plant items; and

19 (e) That Walnut Creek be ordered to file, as a compliance item in this docket,
20 within 90 days after the effective date of a Decision in this matter, either a detailed plan
21 demonstrating how Walnut Creek will reduce its water loss to less than 10 percent or, if
22 Walnut Creek finds that reduction of water loss to less than 10 percent is not cost-effective, a
23 detailed cost analysis and explanation demonstrating why water loss reduction to less than 10
24 percent is not cost-effective.

25 30. According to Staff, non-account water should be 10 percent or less and never more
26 than 15 percent. In its application, Walnut Creek reported 33,526,000 gallons pumped and
27 27,470,000 gallons sold for the TY, resulting in a water loss of 6,056,000 gallons or approximately
28 18.06 percent. Based on the information provided by Walnut Creek in its May 4, 2009, filing,

1 Walnut Creek actually sold an additional 4,734,000 gallons to bulk water users, which results in a
2 figure of 32,204,000 gallons sold for the TY and water loss of 1,322,000 gallons, or 3.94 percent,
3 well within accepted limits.

4 31. While we are satisfied that Walnut Creek's TY water loss was within accepted limits,
5 and that it is not necessary to adopt Staff's recommendation set forth in Findings of Fact No. 29(e),
6 we are concerned by Walnut Creek's failure to provide accurate figures, both in its application and in
7 its 2007 annual report, for the water sold during the TY. Thus, instead of requiring Walnut Creek to
8 comply with Staff's recommendation set forth in Findings of Fact No. 29(e), we will require Walnut
9 Creek (1) to confer with Staff on how best to track and how to accurately report its water pumped and
10 sold and (2) to file, as a compliance item in this docket, within 90 days after the effective date of this
11 Decision, a document describing the outcome of its discussions with Staff and describing how Walnut
12 Creek will improve its tracking and reporting of water pumped and sold.

13 32. Staff estimates, using linear regression analysis, that Walnut Creek could have
14 approximately 350 customers by 2013. We believe that this estimate may be excessive, as the growth
15 figures for the period from 2005 to 2007 show that growth has slowed significantly and may even
16 have leveled off in Walnut Creek's service area.¹⁹ We are aware that Walnut Creek anticipates a
17 great deal of growth, however, and urge it to track its revenues and expenses carefully and to file a
18 ratemaking application with the Commission promptly should growth increase its costs of operation
19 as Walnut Creek anticipates it may.

20 33. Staff has determined that Walnut Creek's system has adequate well production and
21 storage capacity to serve the existing connections and reasonable growth.

22 34. Staff's Compliance Section showed no delinquent compliance items for Walnut
23 Creek.²⁰

24 35. A review of Staff's Consumer Services Section records for the period from January 1,
25 2006, through February 24, 2009, revealed that there was only one customer complaint.

26
27 ¹⁹ Walnut Creek's customer base grew by 25 in 2003-2004, by 21 in 2004-2005, by 10 in 2005-2006, and by 3 in 2006-
2007.

28 ²⁰ We note that Decision No. 69951 did not designate the ratemaking application filing requirement as a "compliance
item."

1	<u>3" Meter</u>	
	1 to 144,000 Gallons	\$3.75
2	Over 144,000 Gallons	5.90
3	<u>4" Meter</u>	
	1 to 225,000 Gallons	\$3.75
4	Over 225,000 Gallons	5.90
5	<u>6" Meter</u>	
6	1 to 450,000 Gallons	\$3.75
	Over 450,000 Gallons	5.90
7		
8	<u>Construction/Bulk Water</u>	
	All Gallons	\$5.90

SERVICE LINE AND METER INSTALLATION

CHARGES:

(Refundable pursuant to A.A.C. R14-2-405)

	<u>Service Line Charge</u>	<u>Meter Installation</u>	<u>Total</u>
12	5/8" x 3/4" Meter	\$ 445.00	\$ 155.00
			\$ 600.00
13	3/4" Meter	445.00	255.00
	1" Meter	495.00	315.00
14	1 1/2" Meter	550.00	525.00
	2" Turbine Meter	830.00	1,045.00
15	2" Compound Meter	830.00	1,890.00
	3" Turbine Meter	1,045.00	1,670.00
16	3" Compound Meter	1,165.00	2,545.00
	4" Turbine Meter	1,490.00	2,670.00
17	4" Compound Meter	1,670.00	3,645.00
18	6" Turbine Meter	2,210.00	5,025.00
	6" Compound Meter	2,330.00	6,920.00

SERVICE CHARGES

20	Establishment	\$30.00
21	Establishment (After Hours)	60.00
	Reconnection (Delinquent)	25.00
22	Reconnection (Delinquent) After Hours	50.00
	Meter Test (If Correct)	25.00
23	Deposit	*
24	Deposit Interest	6.00%
	Reestablishment (Within 12 Months)	**
25	NSF Check	\$30.00
	Deferred Payment (Per Month)	1.50%
26	Meter Re-Read (If Correct)	\$15.00
	Late Payment (Per Month)	***
27	Monthly Service Charge for Fire	
28	Sprinkler (All Sizes)	****

- 1 * Per Commission rule (R14-2-403(B)).
2 ** Months off system times the monthly minimum (R14-2-403(D)).
3 *** 1.50% of the unpaid balance per month.
4 **** 1.00% of the monthly minimum for a comparably 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.

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

7 IT IS FURTHER ORDERED that Walnut Creek Water Company, Inc. shall notify its
8 customers of the rates and charges authorized hereinabove and their effective date in a form
9 acceptable to the Commission's Utilities Division Staff, by means of an insert in its next regular
10 scheduled billing.

11 IT IS FURTHER ORDERED that, in addition to collecting its regular rates and charges,
12 Walnut Creek Water Company, Inc. shall collect from its customers a proportionate share of any
13 privilege, sales, or use tax per A.A.C. R14-2-409(D)(5).

14 IT IS FURTHER ORDERED that Walnut Creek Water Company, Inc. shall, on a going-
15 forward basis, use the depreciation rates by individual National Association of Regulatory Utility
16 Commissioners category set forth in Table B of the Engineering Report portion of the Staff Report
17 filed in this matter.

18 IT IS FURTHER ORDERED that Walnut Creek Water Company, Inc. shall use the mid-year
19 convention in calculating depreciation for first and last year of life of all plant items.

20 IT IS FURTHER ORDERED that Walnut Creek Water Company, Inc. shall install a meter at
21 each bulk water supply point and secure each bulk water supply point so that only authorized persons
22 can obtain access to the water supply, all bulk water obtained is metered and recorded by Walnut
23 Creek directly, and Walnut Creek charges all recipients of bulk water consistently and according to
24 the tariffed bulk water rate approved herein.

25 IT IS FURTHER ORDERED that Walnut Creek Water Company, Inc. shall file, as a
26 compliance item in this docket, within 90 days after the effective date of this Decision,
27 documentation establishing that it has metered and secured each bulk water supply point and
28

1 explaining how it will ensure that all bulk water sold is metered and recorded.

2 IT IS FURTHER ORDERED that Walnut Creek Water Company, Inc. shall confer with Staff
3 on how best to track and how to accurately report its water pumped and sold and shall file, as a
4 compliance item in this docket, within 90 days after the effective date of this Decision, a document
5 describing the outcome of its discussions with Staff and describing how Walnut Creek will improve
6 its tracking and reporting of water pumped and sold.

7 IT IS FURTHER ORDERED that Walnut Creek Water Company, Inc. shall ensure that it
8 charges only those rates and charges included on its Commission-approved tariff and that Walnut
9 Creek Water Company, Inc. is hereby put on notice that future failure to comply with this restriction
10 may lead to further steps, which could include the filing of an Order to Show Cause or other adverse
11 actions.

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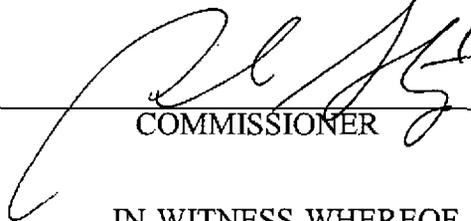
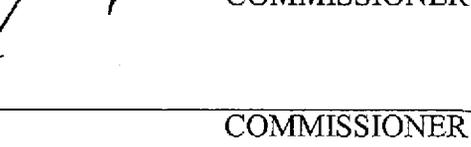
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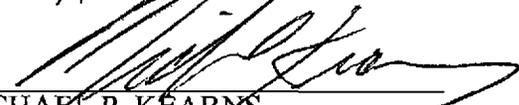
1 IT IS FURTHER ORDERED that Walnut Creek Water Company, Inc. shall annually file, as
2 part of its annual report, an affidavit with the Utilities Division attesting that it is current on paying its
3 property taxes in Arizona.

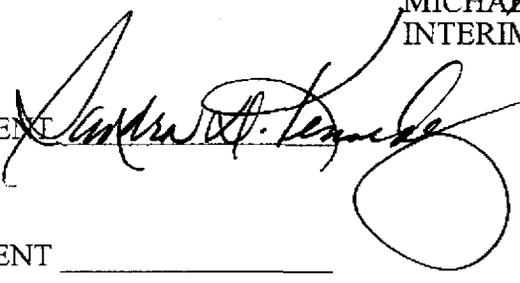
4 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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7 
8 CHAIRMAN  COMMISSIONER
9   
10 COMMISSIONER COMMISSIONER COMMISSIONER
11

12 IN WITNESS WHEREOF, I, MICHAEL P. KEARNS, 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 30th day of June, 2009.

17 
18 MICHAEL P. KEARNS
19 INTERIM EXECUTIVE DIRECTOR

20 DISSENT 
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1 SERVICE LIST FOR: WALNUT CREEK WATER COMPANY, INC.

2 DOCKET NO.: W-02466A-08-0486

3

4 Dennis J. Sim, Manager
5 WALNUT CREEK WATER COMPANY, INC.
6 119 East Andy Devine Avenue
7 Kingman, AZ 86401

8 Janice Alward, Chief Counsel
9 Legal Division
10 ARIZONA CORPORATION COMMISSION
11 1200 West Washington Street
12 Phoenix, AZ 85007

13 Ernest G. Johnson, Director
14 Utilities Division
15 ARIZONA CORPORATION COMMISSION
16 1200 West Washington Street
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