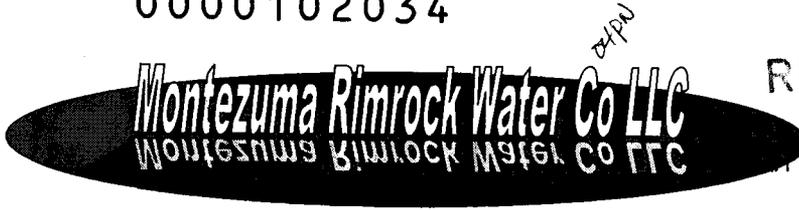




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W-04254A-08-0361  
W-04254A-08-0362



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AUG 27 P 1:10

AZ CORP COMMISSION  
DOCKET CONTROL

ORIGINAL

P.O. Box 10  
Rimrock, AZ 86335  
928-592-9211

August 26, 2009

Arizona Corporation Commission

DOCKETED

AUG 27 2009

Docket Control  
Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, Arizona

DOCKETED BY MW

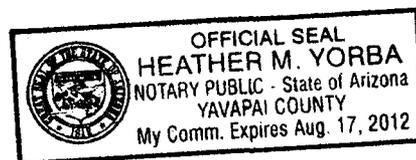
Attached are the required notices per August 13<sup>th</sup> 2009 Procedural Order. The notices sent to the customers include the attached notice and a complete copy of Schedule DRE-4 from the Staff Report (also attached). Notices were mailed via First Class U.S. Mail on August 26, 2009.

Patricia D. Olsen  
Patricia D. Olsen, Manager

DATED the 26 day of August, 2009

SUBSCRIBED AND SWORN to before me on this 26 day of August, 2009

Heather M. Yorba  
NOTARY PUBLIC



My Commission Expires 8/17/2012

**NOTICE OF MONTEZUMA RIMROCK WATER COMPANY,  
L.L.C.'S APPLICATIONS FOR A RATE INCREASE AND  
FOR APPROVAL OF FINANCING  
Docket Nos. W-04254A-08-0361 et al.**

Montezuma Rimrock Water Company, L.L.C. ("Montezuma") has filed with the Arizona Corporation Commission ("Commission") a Rate Application requesting a rate increase of \$32,000, equal to approximately 33.24 percent of its unaudited 2007 test year total operating revenues of \$96,265.23, to cover the cost of acquiring an arsenic treatment system and integrating the arsenic treatment system with Montezuma's current facilities. Montezuma has stated that all of its wells are currently exceeding the Environmental Protection Agency's and Arizona Department of Environmental Quality's 10 parts per billion maximum contaminant level for arsenic.

Montezuma has also filed a Financing Application requesting authority to obtain a loan of \$165,000 from the Water Infrastructure Finance Authority of Arizona ("WIFA") to cover the expense of the arsenic treatment system.

The Commission's Utilities Division Staff ("Staff") has analyzed both applications and has recommended that they be approved, although Staff has recommended approval of its proposed rates rather than those proposed by Montezuma. Staff's recommended rates would decrease the monthly bill for a customer served by a 5/8" x 3/4" meter with average usage of 5,813 gallons from \$38.00 to \$37.78 and with median usage of 4,415 gallons from \$35.42 to \$34.29. Staff has also recommended approval of an Arsenic Remediation Surcharge Mechanism that would result in a monthly arsenic surcharge of \$6.41 for a customer served by a 5/8" x 3/4" meter, assuming a \$165,000 WIFA loan.

The Commission will consider the Rate Application and Financing Application together as a consolidated matter. The Commission is not bound by the proposals made by Montezuma, Staff, or any intervenors. The rates and charges ultimately approved by the Commission may be higher or lower than the rates and charges requested in the Rate Application and recommended by Staff.

The Commission may act upon the applications without a hearing. Regardless of whether a hearing is held, written customer comments will be placed in the file, which the Commission will review before making its final decision on the applications. It is important that customers wishing to comment do so promptly so that the Commission can consider customer comments and concerns in reaching its decision.

Customers should bring to the Commission's attention any questions or concerns related to either application, including concerns as to service, billing procedures, or other factors important in determining the reasonableness of the proposed rates and charges or the financings. Copies of the Rate Application, Financing Application, and

Staff Report are available at Montezuma's office at **4615 E. Goldmine Rd., Rimrock, AZ** and the Commission's Docket Control at 1200 West Washington Street, Phoenix, AZ 85007 for public inspection during regular business hours and on the Internet via the Commission website ([www.azcc.gov](http://www.azcc.gov)) using the e-Docket function. If you have questions about either application, you may contact Montezuma at **928-592-9211**. If you wish to file written comments on either application or want further information, you may contact the Commission's Consumer Services Section by calling 1-800-222-7000 or 602-542-4251. Written public comments may also be filed by mailing an original and 13 copies of the comments (referencing Docket No. W- 04254A-08-0361 et al.) to the Commission's Docket Control at 1200 West Washington Street, Phoenix, AZ 85007.

Any person entitled by law to intervene and having a direct and substantial interest in this matter will be permitted to intervene. A person desiring to intervene must file a Motion to Intervene with the Commission's Docket Control and serve the Motion upon Montezuma or its counsel. A Motion to Intervene shall contain at least the following:

1. The name, address, and telephone number of the proposed intervenor and of any person upon whom service of documents is to be made if different than the intervenor;
2. A short statement of the proposed intervenor's interest in the proceeding (customer, etc.);
3. Whether the proposed intervenor desires a formal evidentiary hearing on the applications and the reasons for such a hearing; and
4. A statement certifying that a copy of the Motion to Intervene has been mailed to Montezuma or its counsel.

The granting of Motions to Intervene shall be governed by Arizona Administrative Code R14-3-105. If a hearing is scheduled in this matter, a deadline for Motions to Intervene will be established in the Procedural Order scheduling the hearing.

**RATE DESIGN**

Monthly Usage Charge	Present	-Proposed Rates-	
	Rates	Company	Staff
5/8" x 3/4" Meter	\$27.25	\$27.25	\$27.25
3/4" Meter	40.88	40.88	40.88
1" Meter	68.13	68.13	68.13
1½" Meter	136.25	136.25	136.25
2" Meter	216.39	216.39	218.00
3" Meter	408.75	408.75	436.00
4" Meter	681.25	618.25	681.25
6" Meter	1,362.50	1,362.50	1,362.50
<b>Gallons Included in Minimum</b>			
For all Meter Sizes	0	0	0
<b>Commodity Rates:</b>			
Per 1,000 Gallons for all usage	\$1.85	N/A	N/A
Per 1,000 Gallons for 0 to 10,000 Gallons	N/A	\$1.85	N/A
Per 1,000 Gallons for 10,001 to 20,000 Gallons	N/A	\$3.70	N/A
Per 1,000 Gallons for Gallons in Excess of 20,000	N/A	\$5.55	N/A
Per 1,000 Gallons for 0 to 4,000 Gallons	N/A	N/A	\$1.50
Per 1,000 Gallons for 4,001 to 10,000	N/A	N/A	\$2.50
Per 1,000 Gallons for Gallons in Excess of 10,000	N/A	N/A	\$4.00

**RATE DESIGN (Cont.)**

**Service Line and Meter Installation Charges**  
**Same Side of Road as Water Main**

Meter Size	Company Current Tariff	Company Proposed Tariff	Staff's Recommendation		
			Service Line Charge	Meter Charge	Total Charge
5/8 x 3/4-inch	\$500	\$500	\$370	\$130	\$500
3/4-inch	\$550	\$550	\$370	\$180	\$550
1-inch	\$625	\$625	\$400	\$225	\$625
1½-inch	\$900	\$900	\$450	\$450	\$900
2-inch Turbo	\$1,450	\$2,350	\$550	\$900	\$1,450
2-inch Compound	\$2,125	\$3,400	\$550	\$1,575	\$2,125
3-inch Turbo	\$1,975	\$3,175	\$765	\$1,210	\$1,975
3-inch Compound	\$2,750	\$4,375	\$795	\$1,955	\$2,750
4-inch Turbo	\$3,175	\$5,100	\$1,055	\$2,120	\$3,175
4-inch Compound	\$4,025	\$6,425	\$1,095	\$2,930	\$4,025
6-inch Turbo	\$6,025	\$9,625	\$1,600	\$4,425	\$6,025
6-inch Compound	\$7,850	\$12,550	\$1,730	\$6,120	\$7,850

**Service Line and Meter Installation Charges**  
**Other Side of Road from Water Main**

Meter Size	Company Current Tariff	Company Proposed Tariff	Staff's Recommendation		
			Service Line Charge	Meter Charge	Total Charge
5/8 x 3/4-inch	\$800	\$800	\$670	\$130	\$800
3/4-inch	\$875	\$875	\$695	\$180	\$875
1-inch	\$1,000	\$1,000	\$775	\$225	\$1,000
1½-inch	\$1,425	\$1,425	\$975	\$450	\$1,425
2-inch Turbo	\$2,350	\$2,350	\$1,450	\$900	\$2,350
2-inch Compound	\$3,400	N/A	\$1,825	\$1,575	\$3,400
3-inch Turbo	\$3,175	\$3,175	\$1,965	\$1,210	\$3,175
3-inch Compound	\$4,375	N/A	\$2,420	\$1,955	\$4,375
4-inch Turbo	\$5,100	\$5,100	\$2,980	\$2,120	\$5,100
4-inch Compound	\$6,425	N/A	\$3,495	\$2,930	\$6,425
6-inch Turbo	\$9,625	\$9,625	\$5,200	\$4,425	\$9,625
6-inch Compound	\$12,550	N/A	\$6,430	\$6,120	\$12,550

**RATE DESIGN (Cont.)**

**Service Charges**

Service Charges	Present	-Proposed Rates-	
	Rates	Company	Staff
Establishment	\$40.00	\$40.00	\$40.00
Establishment (After Hours)	60.00	60.00	60.00
Reconnection (Delinquent)	50.00	50.00	50.00
Reconnection (Delinquent) after hours	N/A	50.00	50.00
Meter Test (if correct)	30.00	30.00	30.00
Deposit	*	*	*
Deposit Interest	*	*	*
Re-Establishment (Within 12 Months)	**	**	**
NSF Check	25.00	25.00	25.00
Deferred Payment (per month)	1.50%	1.50%	1.50%
Meter Re-Read (If Correct)	15.00	15.00	15.00
Late Fee	1.5% after 15 days	1.5% after 15 days	1.5% after 15 days
<b>Monthly Service Charge for Fire Sprinkler</b>			
4" or Smaller	***	N/A	****
6"	***	N/A	****
8"	***	N/A	****
10"	***	N/A	****
Larger than 10"	***	N/A	****

- \* Per Commission Rules R14-2-403(B)
- \*\* Months off system times the monthly minimum (R14-2-403.D)
- \*\*\* 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.
- \*\*\*\* 2.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than \$10.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.