

ORIGINAL



0000103053

BEFORE THE ARIZONA CORPORATION COMMISSION
RECEIVED

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

2009 SEP 25 P 1:06

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
PARK WATER COMPANY, INC. FOR AN
EMERGENCY RATE INCREASE.

DOCKET NO. W-02353A-09-0328

IN THE MATTER OF THE APPLICATION OF
PARK WATER COMPANY, INC. FOR
APPROVAL OF A FINANCING
APPLICATION.

DOCKET NO. W-02353A-09-0329

STAFF'S LATE-FILED EXHIBIT

On September 24, 2009, a hearing was held in the above-captioned matters. At the close of evidence, the Hearing Division requested that Arizona Corporation Commission Utilities Division Staff ("Staff") file in the docket, as a late-filed exhibit, a brief summary of the process involved in implementing a surcharge for the payment of a loan from the Water Infrastructure Financing Authority.

Staff was also directed to file a set of schedules which illustrated the various components of the requested surcharges and their effect on customer bills.

Staff hereby provides schedule CSB-1, which updates Staff's previous data to reflect the current customer count; Schedule CSB-2, which updates Staff's loan amount, which is composed of the original loan amount, the engineering costs, well repair, and water hauling fees; and Schedule CSB-3, a conversion factor table for 20-year loans.

RESPECTFULLY SUBMITTED this 25th day of September, 2009.

Arizona Corporation Commission

DOCKETED

SEP 25 2009

DOCKETED BY

Kevin O. Torrey
Attorney, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

1 Original and thirteen (13) copies
of the foregoing filed this
2 25th day of September, 2009 with:

3 Docket Control
Arizona Corporation Commission
4 1200 West Washington Street
Phoenix, Arizona 85007

5
6 Copy of the foregoing mailed
this 25th day of September 2009 to:

7 Patricia O'Connor, President
PARK WATER COMPANY
8 P.O. Box 16173
Phoenix, Arizona 85011

9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28



STEPS TO IMPLEMENT A WIFA LOAN SURCHARGE

1. The Commission issues a Decision authorizing a WIFA loan surcharge mechanism.
2. The Company closes on the WIFA loan and files a copy of the executed loan documents with Docket Control.
3. The Company files a WIFA loan surcharge tariff application with Docket Control within 60 days of the loan closing. The surcharge is calculated using the same methodology set forth in the Staff Report filed in the docket authorizing the WIFA loan surcharge mechanism. The calculation is modified using the actual loan amount, interest rate, length of loan, and customer counts.
4. Staff reviews the application and calculation and makes a recommendation. Staff's surcharge recommendation may be different than the Company's. Assuming that the filing is sufficient when initially filed, Staff files a memorandum and recommended opinion and order within 60 days from the date of the surcharge filing.
5. The item is placed on the next Open Meeting agenda.
6. The surcharge goes into effect once the Commission approves the item.

**PARK WATER
WIFA LOAN SURCHARGE CALCULATION
FOR \$191,873 WIFA LOAN AMOUNT**

WIFA Loan Amount: \$191,873 (\$169,819 Loan + \$22,054 Well Repair Costs)
Term: 20 Years
WIFA Interest rate (r) 4.500% If interest rate is not found on TABLE A, use the next highest percentage

Step 1 - Find the Annual Payment on Loan

\$191,873 Total Amount of Loan
0.0759 TABLE A, Conversion Factor Table, Column B
\$14,563 Annual Principle and Interest Payment

Step 2 - Find the Equivalent Bills

Equivalent Bills

Col A	Col B	Col C	Col D	Col E
Meter Size	NARUC Multiplier	Number of Customers	Number of Months in Year	Equivalent Bills Col B x C X D
5/8"x 3/4" Meter	1	125	12	1,500
3/4" Meter	1.5	0	12	-
1" Meter	2.5	0	12	-
1½" Meter	5	0	12	-
2" Meter	8	0	12	-
3" Meter	15	0	12	-
4" Meter	25	0	12	-
6" Meter	50	0	12	-
		<u>125</u>		<u>1,500</u>

Step 3 - Find the Monthly Surcharge

\$14,563.16 Total Annual Payment on the Loan (from Step 1)
1,500 Divided by: Total Number of Equivalent Bills
\$ 9.71 Monthly Surcharge for 5/8" X 3/4" Customers

Continued on Next Page

**PARK WATER
 WIFA LOAN SURCHARGE CALCULATION
 FOR \$191,873 WIFA LOAN AMOUNT
 Continued**

Step 4 - Find the Monthly Surcharge for the Remaining Meter Size Customers

Equivalent Bills

Col A	Col B	Col C	Col D
		5/8" x 3/4" Surcharge by	
Meter Size	NARUC Multiplier	Customers' Surcharge	Meter Size Col B x C
5/8"x 3/4" Meter	1	\$ 9.71	\$ 9.71
3/4" Meter	1.5	\$ 9.71	\$ 14.56
1" Meter	2.5	\$ 9.71	\$ 24.27
1½" Meter	5	\$ 9.71	\$ 48.54
2" Meter	8	\$ 9.71	\$ 77.67
3" Meter	15	\$ 9.71	\$ 145.63
4" Meter	25	\$ 9.71	\$ 242.72
6" Meter	50	\$ 9.71	\$ 485.44

**PARK WATER
 WIFA LOAN SURCHARGE CALCULATION
 FOR \$215,063 WIFA LOAN AMOUNT**

WIFA Loan Amount: \$215,063 (\$169,819 Loan+\$17,000 Engr Costs + \$22,054 Well Repair Costs + \$6,190 Water Hauling Costs)
 Term: 20 Years
 WIFA Interest rate 4.500% If interest rate is not found on TABLE A, use the next highest percentage

Step 1 - Find the Annual Payment on Loan

\$215,063 Total Amount of Loan
 0.0759 TABLE A, Conversion Factor Table, Column B
 \$16,323 Annual Principle and Interest Payment

Step 2 - Find the Equivalent Bills

Equivalent Bills

Col A	Col B	Col C	Col D	Col E
Meter Size	NARUC Multiplier	Number of Customers	Number of Months in Year	Equivalent Bills Col B x C X D
5/8"x 3/4" Meter	1	125	12	1,500
3/4" Meter	1.5	0	12	-
1" Meter	2.5	0	12	-
1½" Meter	5	0	12	-
2" Meter	8	0	12	-
3" Meter	15	0	12	-
4" Meter	25	0	12	-
6" Meter	50	0	12	-
		<u>125</u>		<u>1,500</u>

Step 3 - Find the Monthly Surcharge

\$16,323.28 Total Annual Payment on the Loan (from Step 1)
 1,500 Divided by: Total Number of Equivalent Bills
 \$ 10.88 Monthly Surcharge for 5/8" X 3/4" Customers

Continued on Next Page

**PARK WATER
WIFA LOAN SURCHARGE CALCULATION
FOR \$215,063 WIFA LOAN AMOUNT
Continued**

Step 4 - Find the Monthly Surcharge for the Remaining Meter Size Customers

Equivalent Bills

Col A	Col B	Col C	Col D
		5/8" x 3/4"	Surcharge by
Meter Size	NARUC Multiplier	Customers' Surcharge	Meter Size Col B x C
5/8"x 3/4" Meter	1	\$ 10.88	\$ 10.88
3/4" Meter	1.5	\$ 10.88	\$ 16.32
1" Meter	2.5	\$ 10.88	\$ 27.21
1½" Meter	5	\$ 10.88	\$ 54.41
2" Meter	8	\$ 10.88	\$ 87.06
3" Meter	15	\$ 10.88	\$ 163.23
4" Meter	25	\$ 10.88	\$ 272.05
6" Meter	50	\$ 10.88	\$ 544.11

TABLE A
 Conversion Factor Table (Based on a 20-year Loan)

Line No.	Column A Annual Interest	Column B Annual Payment Conversion Factor	Column C Annual Interest Payment Conversion Factor	Column D Annual Principal Payment Conversion Factor
1	3.50%	0.0696	0.0344	0.0352
2	3.75%	0.0711	0.0369	0.0342
3	4.00%	0.0727	0.0394	0.0333
4	4.25%	0.0743	0.0419	0.0324
5	4.50%	0.0759	0.0444	0.0316
6	4.75%	0.0775	0.0468	0.0307
7	5.00%	0.0792	0.0493	0.0299
8	5.25%	0.0809	0.0518	0.0291
9	5.50%	0.0825	0.0543	0.0283
10	5.75%	0.0843	0.0568	0.0275
11	6.00%	0.0860	0.0593	0.0267
12	6.25%	0.0877	0.0618	0.0259
13	6.50%	0.0895	0.0643	0.0252
14	6.75%	0.0912	0.0668	0.0245
15	7.00%	0.0930	0.0692	0.0238
16	7.25%	0.0948	0.0717	0.0231
17	7.50%	0.0967	0.0742	0.0224
18	7.75%	0.0985	0.0767	0.0218
19	8.00%	0.1004	0.0792	0.0211