

ORIGINAL



0000104829

MEMORANDUM

TO: Docket Control

FROM: Steve Olea
Director
Utilities Division

DATE: November 09, 2009

RE: STAFF REPORT FOR PARKER LAKEVIEW ESTATES HOA INC., DBA PARKER SPRINGS WATER COMPANY'S APPLICATION FOR A PERMANENT RATE INCREASE, DOCKET NO. W-01853A-09-0226.

Attached is the Staff Report for Parker Lakeview Estates HOA Inc., DBA Parker Springs Water Company's application for a permanent rate increase. Staff recommends approval of the application using Staff's recommended rates and charges.

Any party who wishes may file comments to the Staff Report with the Commission's Docket Control by 4:00 p.m. on or before November 19, 2009.

SMO:CRM:kdh

Originator: Charles R. Myhlhousen

Attachment: Original and sixteen copies

Arizona Corporation Commission

DOCKETED

NOV - 9 2009

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ARIZONA CORPORATION
COMMISSION
DOCKET CONTROL

2009 NOV - 9 PM 3: 29

RECEIVED

Service List for: Parker Lakeview Estates HOA Inc., DBA Parker Springs Water Company
Docket No. W-01853A-09-0226

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**STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION**

**PARKER LAKEVIEW ESTATES HOA INC.,
DBA PARKER SPRINGS WATER COMPANY**

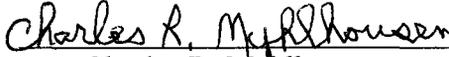
DOCKET NO. W-01853A-09-0226

**APPLICATION FOR A
PERMANENT RATE INCREASE**

NOVEMBER 09, 2009

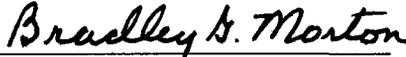
STAFF ACKNOWLEDGMENT

The Staff Report for Parker Lakeview Estates HOA Inc., DBA Parker Springs Water Company, Docket No. W-01853A-09-0226 was the responsibility of the Staff members listed below. Charles R. Myhlhousen was responsible for the review and analysis of the Company's application, recommended revenue requirement, rate base and rate design. Delbert Smith was responsible for the engineering and technical analysis. Bradley Morton was responsible for reviewing the Commission's records on the Company and reviewing customer complaints filed with the Commission.


Charles R. Myhlhousen
Public Utility Analyst III



Delbert Smith
Utilities Engineer


Bradley Morton
Public Utilities Consumer Analyst II

**EXECUTIVE SUMMARY
PARKER LAKEVIEW ESTATES HOA INC.
DBA PARKER SPRINGS WATER COMPANY**

Parker Lakeview Estates HOA Inc., DBA Parker Springs Water Company's ("Company") service area overlooks Parker Canyon Lake (located approximately seventy-five miles southeast of Tucson, Arizona). It is located in Cochise County, Arizona. The Company is engaged in the business of providing utility water service to a general store, the United States Forest Service and approximately 36 vacation homes. The Company provides service to approximately 38 customers. The Company's current rates were established in Decision No. 59373 dated November 1, 1995, and effective December 1, 1995. The Company is a non-profit home owners' association.

The Company's rate application requested an increase in revenue of \$6,088 or a 45.47 percent increase over test year revenue of \$13,390. The Company's proposed revenues of \$19,478 result in an operating income of \$5,509, for a rate of return of 15.53 percent. The Company's requested rates would increase the typical residential bill with a median usage of 208 gallons from \$27.54 to \$40.62, for an increase of \$13.08 or 47.5 percent. The Company's proposed original cost rate base ("OCRB") is \$35,479.

Staff is recommending an increase over test year revenue of \$3,333 or a 24.89 percent increase over test year revenue of \$13,390. Staff's recommended revenues of \$16,723 result in an operating income of \$3,670, for a rate of return of 10.00 percent. Staff's recommended rates would increase the typical residential bill with a median usage of 208 gallons from \$27.54 to \$34.06, for an increase of \$6.52 or 23.67 percent. Staff's recommended OCRB is \$36,713.

Staff's recommendation will allow the Company sufficient revenue to pay expenses and for contingencies.

Staff recommends:

- Approval of Staff's rates and charges as shown on Schedule CRM-4. In addition to collection of its regular rates and charges, the Company may collect from its customers a proportionate share of any privilege, sales or use tax per Commission Rule (14-2-409D-5).
- The Company be ordered to docket with the Commission, a schedule of its approved rates and charges within 30 days after the Decision in this matter is issued.
- The Company be ordered to use depreciation rates by individual National Association of Regulatory Commissioners category on a going-forward basis as delineated in Table B of the Engineering Report.

- The Company be ordered to monitor the water system and submit the gallons pumped and sold to determine the non-account water for one full year. Non-account water for Parker Springs was calculated to be 16.2 percent in 2008, which exceeds acceptable limits. The Company should coordinate when it reads the well meters each month with customer billings so that an accurate accounting is determined. The results of this monitoring and reporting shall be docketed as a compliance item in this case within 13 months of the effective date of the order issued in this proceeding. If the reported water loss is greater than 10 percent, the Company shall prepare a report containing a detailed analysis and plan to reduce water loss to 10 percent or less. If the Company believes it is not cost effective to reduce the water loss to less than 10 percent, it should submit a detailed cost/benefit analysis to support its opinion. In no case shall the Company allow water loss to be greater than 15 percent. The water loss reduction report or the detailed analysis, whichever is submitted, shall be docketed as a compliance item within 15 months of the effective date of the order issued in this proceeding.
- The Company be ordered to file a curtailment tariff as soon as possible, but no later than ninety (90) days after the effective date of the final Decision and Order in this matter. The tariff shall be filed with Docket control as a compliance item under the same docket number for tariff's review and certification. Staff further recommends that the tariff shall generally conform to the sample tariff found on the Commission's web site at <http://www.azcc.gov/Divisions/Utilities/forms/CurtailmentTariffSTANDARD.pdf>
- The Company be ordered to install/update "informational" signs at each facility site (i.e., at the well head, generator and storage tank sites). Signs should comply with Arizona Department of Environmental Quality requirements and include the following information: system name, system Public Water System Identification and emergency contact phone numbers. Staff further recommends that the Company file documentation with Docket Control demonstrating compliance within 45 days after the effective date of the decision in this case.

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SUMMARY OF FILING	SCHEDULE CRM-1
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STATEMENT OF OPERATING INCOME..... SCHEDULE CRM-3

RATE DESIGN SCHEDULE CRM-4

TYPICAL BILL ANALYSIS SCHEDULE CRM-5

ATTACHMENT

ENGINEERING REPORT..... A

Fact Sheet

Current Rates Decision No. 59373, dated November 1, 1995, rates effective December 1, 1995.

Type of Ownership Arizona Corporation (Home Owners Association).

Location The Company service area overlooks Parker Canyon Lake (approximately seventy-five miles southeast of Tucson, Arizona) in Cochise County.

Rates

Permanent rate increase application filed: May 8, 2009, amended August 14, 2009.

Current Test Year Ended: December 31, 2008.

Monthly Minimum Charges:

	Company Present <u>Rates</u>	Company Proposed <u>Rates</u>	Staff Recommended <u>Rates</u>
Monthly Minimum Charge	\$27.00	\$40.00	\$33.50
Based on 5/8 X 3/4-inch meter			
Gallons in Minimum	0	0	0
Commodity Charge			
All usage, per 1,000 gallons	2.60	3.00	n/a
Additional Surcharge			
From 6,000 gallons to 7,999 gallons		5.00	n/a
From 8,000 gallons to 9,999 gallons		10.00	n/a
From 10,000 gallons to 11,999 gallons		15.00	n/a
All gallons over 11,999 gallons		20.00	n/a
Tier One: 0 gallons to 3,000 gallons			2.70
Tier Two: 3,001 gallons to 8,000 gallons			3.00
Tier Three: All gallons over 8,000 gallons			3.25
Typical residential bill (Based on median usage of 208 gallons)	\$27.54	\$40.62	\$34.06

Customers

Average number of customers in prior test year 28, current test year 38.

Notification

An affidavit of mailing of the customer notification was docketed on May 6, 2009.

Complaints

2 billing-2009, 1 requested audit-2009 (all resolved)

Summary of Filing

Based on test year results, as adjusted by Utilities Division Staff ("Staff") of the Arizona Corporation Commission ("Commission"), Parker Lakeview Estates HOA Inc., DBA Parker Springs Water Company ("Company") earned an operating profit of \$337, for a 0.92 percent rate of return as shown on Schedule CRM-1.

The Company's proposed rates produce an operating revenue of \$19,478 and an operating income of \$5,509, for a rate of return of 15.53 percent on an original cost rate base ("OCRB") of \$35,479. The Company's proposed rates for a 5/8 x 3/4 inch meter would increase the typical residential bill with a median usage of 208 gallons from \$27.54 to \$40.62, for an increase of \$13.08 or 47.5 percent.

Staff's recommended rates produce operating revenue of \$16,723 and an operating income of \$3,670, for a rate of return 10.00 percent on an OCRB of \$36,713. Staff's recommended rates for a 5/8 x 3/4 inch meter would increase the typical residential bill with a median usage of 208 gallons from \$27.54 to \$34.06, for an increase of \$6.52 or 23.7 percent.

Company Background

The Company was granted its Certificate of Convenience and Necessity ("CC&N") in Decision No. 34138, dated October 19, 1962, to provide water service to a proposed development located near Parker Canyon Lake. The CC&N was transferred to Parker Lakeview Estates Homeowners' Association in Decision No. 57431, dated June 19, 1991. The Company's prior rate application utilized a test year ending December 31, 1994.

On May 8, 2009, the Company filed an application for a permanent rate increase with the Commission. On June 8, 2009, the Company filing was found deficient. On August 14, 2009, the Company submitted the deficient items. On September 08, 2009, the Company's application was deemed sufficient. The Company's current test year ending is December 31, 2008. The Company is a class E utility. The Company is a non-profit home owners' association.

Consumer Services

A review of the Commission's records from January 1, 2006, through October 14, 2009, revealed that there were three customer complaints. There were two complaints regarding billing and one complaint requesting an audit. All three complaints were resolved.

Compliance

A check with the Utilities Division Compliance Section showed no outstanding compliance issues.

The Company is current on its property and sales tax payments.

The Company is in good standing with the Corporations Division of the Commission.

The Arizona Department of Environmental Quality (“ADEQ”) regulates the Parker Springs water system under ADEQ Public Water System I.D. #02-045. Based on a Compliance Status report dated June 3, 2009, the system has no major deficiencies and is delivering water that meets water quality standard required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4.

The Parker Springs service area is not located within any Active Management Area (“AMA”). ADEQ classifies the Parker Springs water system as a non-community water system and therefore this system is not regulated as a community water system by Arizona Department of Water Resources (“ADWR”).

Rate Base

The Company proposed a fair value rate base of \$35,479 which does not differ from its OCRB. Staff made adjustments to increase the Company’s rate base by \$1,234 from \$35,479 to \$36,713. Adjustments are discussed below. See Schedule CRM-2, page 1.

Plant-in-Service

Staff made no adjustments to plant in service. Staff concurs with the Company. See Schedule CRM-2, page 2.

Accumulated Depreciation

Staff made no adjustments to accumulated depreciation. See Schedule CRM-2, page 3.

Advances-in-Aid-of-Construction

The Company has no advances-in-aid-of-construction.

Contributions-in-Aid-of-Construction

The Company has no contributions-in-aid-of-construction.

Working Capital

The Company did not claim any cash working capital allowance. Staff typically allows cash working capital allowance calculated by the formula method for small class D and E utilities. The formula method always produces a positive cash working capital need. Cash working capital amount is one twenty-fourth of the cost of purchased power and one eighth of operating expenses excluding purchased power, depreciation and property taxes expenses. Staff recommends working capital allowance in the amount of \$1,234. See Schedule CRM-2, page 1.

Operating Revenue

Staff did not make any adjustment to the Company's test year revenue. See Schedule CRM-1.

Operating Expenses

Staff's two operating expense adjustments resulted in a decrease of \$916 from \$13,969 to \$13,053, as shown on Schedule CRM-3, pages 1 and 2. Adjustments are discussed below.

Adjustment 1: Staff decreased outside services expense by \$500 from \$6,109 to \$5,609 to remove the expense for reviewing the bylaws of the homeowners association. This is a one-time expense and will not be incurred again in the foreseeable future. See Schedule CRM-3, pages 1 and 2.

Adjustment 2: Staff decreased water testing expense by \$416 from \$1,623 to \$1,207. This adjustment reflects the annual water testing costs determined per Staff's Engineering Report at Table 1. See Schedule CRM-3, pages 1 and 2.

Rate of Return

Staff's recommended revenue gives the Company a ten percent rate of return. See Schedule CRM-1.

Revenue Requirement

Staff recommends total operating revenue of \$16,723, an increase of \$3,333 over the test year revenue of \$13,390. Staff's recommendation provides operating income of \$3,370. See Schedule CRM-1.

Rate Design

Schedule CRM-4 reflects a complete list of the Company's present, proposed, and Staff's recommended rates and charges.

The Company's proposed rates for a 5/8 x 3/4 inch meter would increase the residential customer bill by \$13.08 from \$27.54 to \$40.62 or 47.5 percent. The median usage of water is 208 gallons per month.

Staff's recommended rates for a 5/8 x 3/4 inch meter would increase the median usage residential customer bill by \$6.52 from \$27.54 to \$34.06 or 23.7 percent. See Schedule CRM-5.

The Company currently has a monthly minimum charge of \$27.00 and a uniform rate of \$2.60 per 1,000 gallons for all meter sizes. Staff recommends a three-tier inverted rate design for the 5/8 x 3/4 inch and 3/4 inch meters and a two-tier inverted rate design for larger size meters. Staff recommends a tariff of \$3.25 per 1,000 gallons for construction/bulk water.

Staff recommends approval of Staff's Service Line and Meter Installation Charges. Staff's recommendation will help ensure that the Company will have enough cash to pay for the actual installation of service for any meter size.

The service charges as proposed by the Company and as recommended by Staff are as follows:

The Company proposes an increase to Establishment charge from \$15.00 to \$30.00. Staff concurs.

The Company proposes an increase to Establishment (after hours) from \$25.00 to \$40.00. Staff concurs.

The Company proposes an increase to Reconnection (delinquent) from \$25.00 to 30.00. Staff concurs.

The Company proposes an increase to Reconnection (delinquent) after hours from 25.00 to \$40.00. Staff concurs.

The Company proposes an increase to Meter Test from \$25.00 to \$30.00. Staff concurs.

The Company proposes not to change Deposit as per rule. Staff concurs.

The Company proposes to change Deposit Interest to 2 percent. Staff recommends deposit interest of 6 percent as being reasonable and normal. Interest is a fluctuating item and has, historically, not been altered to match current rates, up or down.

The Company proposes not to change Re-establishment (within 12 months per month). Staff concurs.

The Company proposes an increase to Not Sufficient Funds check form \$15.00 to \$20.00. Staff concurs.

The Company proposes not to change Deferred Payment from 1.5 percent. Staff concurs.

The Company proposed an increase to Meter Re-read (if correct) from \$5.00 to \$15.00. Staff concurs.

The Company did not propose a Late Fee. Staff recommends 1.50 percent per month on the unpaid balance as being reasonable and normal.

The Company proposes no change to the current tariff for fire sprinklers. Staff recommends 2 percent of the monthly minimum for a comparable size meter connection, but no less than \$10.00 per month as being reasonable and normal. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

Staff Recommendations

Staff recommends:

- Approval of Staff's rates and charges as shown on Schedule CRM-4. In addition to collection of its regular rates and charges, the Company may collect from its customers a proportionate share of any privilege, sales or use tax per Commission Rule (14-2-409D-5).
- The Company be ordered to file with the Commission, a schedule of its approved rates and charges within 30 days after the Decision in this matter is issued.
- The Company be ordered to use the depreciation rates by individual National Association of Regulatory Utility Commissioners category on a going-forward basis as delineated in Table B of the Engineering Report.
- The Company be ordered to monitor the water system and submit the gallons pumped and sold to determine the non-account water for one full year. Non-account water for Parker Springs was calculated to be 16.2 percent in 2008 which exceeds acceptable limits. The Company should coordinate when it reads the well meters each month with customer billings so that an accurate accounting is determined. The results of this monitoring and reporting shall be docketed as a compliance item in this case within 13 months of the effective date of the order issued in this proceeding. If the reported water loss is greater than 10 percent, the Company shall prepare a report containing a detailed analysis and plan to reduce water loss to 10 percent or less. If the Company believes it is not cost effective to reduce the water loss to less than 10 percent, it should submit a detailed cost benefits analysis to support its opinion. In no case shall the Company allow water loss to be greater than 15 percent. The water loss reduction report or the detailed

analysis, whichever is submitted, shall be docketed as a compliance item within 15 months of the effective date of the order issued in this proceeding.

- The Company be ordered to file a curtailment tariff as soon as possible, but no later than ninety (90) days after the effective date of the final Decision and Order in this matter. The tariff shall be filed with Docket control as a compliance item under the same docket number for tariff's review and certification. Staff further recommends that the tariff shall generally conform to the sample tariff found on the Commission's web site at <http://www.azcc.gov/Divisions/Utilities/forms/CurtailmentTariffSTANDARD.pdf>
- The Company be ordered to install/update "informational" signs at each facility site (i.e., at the well head, generator and storage tank sites). Signs should comply with ADEQ requirements and include the following information: system name, system Public Water System Identification and emergency contact phone numbers. Staff further recommends that the Company file documentation with Docket Control demonstrating compliance within 45 days after the effective date of the decision in this case.

SUMMARY OF FILING

	-- Present Rates --		-- Proposed Rates --	
	Company as Filed	Staff as Adjusted	Company as Filed	Staff as Adjusted
Revenues:				
Metered Water Revenue	\$13,372	\$13,372	\$19,460	\$16,705
Unmetered Water Revenue	0	0		0
Other Water Revenues	18	18	18	18
Total Operating Revenue	\$13,390	\$13,390	\$19,478	\$16,723
Operating Expenses:				
Operation and Maintenance	\$11,593	\$10,677	\$11,593	\$10,677
Depreciation	1,963	1,963	1,963	1,963
Property & Other Taxes	413	413	413	413
Income Tax	0	0	0	0
Total Operating Expense	\$13,969	\$13,053	\$13,969	\$13,053
Operating Income/(Loss)	(\$579)	\$337	\$5,509	\$3,670
Rate Base O.C.L.D.	\$35,479	\$36,713	\$35,479	\$36,713
Rate of Return - O.C.L.D.	-1.63%	0.92%	15.53%	10.00%

RATE BASE

	----- Original Cost -----		
	Company	Adjustment	Staff
Plant in Service	\$77,953	\$0	\$77,953
Less:			
Accum. Depreciation	41,624	0	41,624
Net Plant	\$36,329	\$0	\$36,329
Less:			
Plant Advances	\$770	\$0	\$770
Customer Deposits	80	0	80
Total Advances	\$850	\$0	\$850
Contributions Gross	\$0	\$0	\$0
Less:			
Amortization of CIAC	0	0	0
Net CIAC	\$0	\$0	\$0
Total Deductions	\$850	\$0	\$850
Plus:			
1/24 Power	\$0	\$108	\$108
1/8 Operation & Maint.	\$0	1,127	1,127
Inventory	0	0	0
Prepayments	0	0	0
Total Additions	\$0	\$1,234	\$1,234
Rate Base	\$35,479	\$1,234	\$36,713

Explanation of Adjustment:

Staff increased rate base to include cash working capital. The Company did not propose any cash working capital.

PLANT ADJUSTMENT

	Company Exhibit	Adjustment	Staff Adjusted
301 Organization	\$0	\$0	\$0
302 Franchises	0	0	0
303 Land & Land Rights	0	0	0
304 Structures & Improvements	243	0	243
307 Wells & Springs	4,500	0	4,500
311 Pumping Equipment	16,944	0	16,944
320 Water Treatment Equipment	0	0	0
330 Distribution Reservoirs & Standpipes	5,345	0	5,345
331 Transmission & Distribution Mains	41,036	0	41,036
333 Services	9,048	0	9,048
334 Meters & Meter Installations	837	0	837
335 Hydrants	0	0	0
336 Backflow Prevention Devices	0	0	0
339 Other Plant and Misc. Equipment	0	0	0
340 Office Furniture & Equipment	0	0	0
341 Transportation Equipment	0	0	0
343 Tools Shop & Garage Equipment	0	0	0
344 Laboratory Equipment	0	0	0
345 Power Operated Equipment	0	0	0
346 Communication Equipment	0	0	0
347 Miscellaneous Equipment	0	0	0
348 Other Tangible Plant	0	0	0
105 C.W.I.P.	0	0	0
TOTALS	\$77,953	\$0	\$77,953

Parker Lakeview Estates HOA Inc., DBA Parker Springs Water Company

Docket No. W-01853A-09-0226

CRM Schedule - 2

Test Year Ended December 31, 2008

Page 3 of 3

ACCUMULATED DEPRECIATION ADJUSTMENT

	<u>Amount</u>
Accumulated Depreciation - Per Company	\$41,624
Accumulated Depreciation - Per Staff	<u>41,624</u>
Total Adjustment	<u><u>\$0</u></u>

STATEMENT OF OPERATING INCOME

	Company Exhibit	Staff Adjustments	Staff Adjusted
Revenues:			
461 Metered Water Revenue	\$13,372	\$0	\$13,372
460 Unmetered Water Revenue	0	0	0
474 Other Water Revenues	18	0	18
Total Operating Revenue	\$13,390	\$0	\$13,390
Operating Expenses:			
601 Salaries and Wages	\$0	\$0	\$0
610 Purchased Water	0	0	0
615 Purchased Power	2,581	0	2,581
618 Chemicals	0	0	0
620 Repairs and Maintenance	442	0	442
621 Office Supplies & Expense	400	0	400
630 Outside Services	6,109	(500) A	5,609
635 Water Testing	1,623	(416) B	1,207
641 Rents	305	0	305
650 Transportation Expenses	125	0	125
657 Insurance - General Liability	0	0	0
659 Insurance - Health and Life	0	0	0
666 Regulatory Commission Expense - Rate Case	0	0	0
675 Miscellaneous Expense	8	0	8
403 Depreciation Expense	1,963	0	1,963
408 Taxes Other Than Income	67	0	67
408.11 Property Taxes	346	0	346
409 Income Tax	0	0	0
Total Operating Expenses	\$13,969	(\$916)	\$13,053

OPERATING INCOME/(LOSS)	(\$579)	\$916	\$337
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Other Income/(Expense):			
419 Interest and Dividend Income	\$0	\$0	\$0
421 Non-Utility Income	4	0	4
427 Interest Expense	0	0	0
4XX Reserve/Replacement Fund Deposit	0	0	0
426 Miscellaneous Non-Utility Expense	0	0	0

Total Other Income/(Expense)	\$4	\$0	\$4
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NET INCOME/(LOSS)	(\$575)	\$916	\$341
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STAFF ADJUSTMENTS

A -	OUTSIDE SERVICES - Per Company	\$6,109	
	Per Staff	5,609	<u>(\$500)</u>

Staff decreased outside services expense by \$500 from \$6,109 to \$5,609 to remove the expense for reviewing the bylaws of the homeowners association. This is a one-time expense and will not be incurred again in the foreseeable future.

B -	WATER TESTING - Per Company	\$1,623	
	Per Staff	1,207	<u>(\$416)</u>

This adjustment reflects the normalized annual water testing costs determined per Staff's Engineering Report at Table 1.

RATE DESIGN

Monthly Usage Charge	Present	Company	Staff
	Rates	Proposed Rates	Recommended Rates
5/8" x 3/4" Meter	\$27.00	40.00	33.50
3/4" Meter	27.00	40.00	36.00
1" Meter	45.00	100.00	83.00
1½" Meter	90.00	100.00	165.00
2" Meter	144.00	200.00	270.00
3" Meter	270.00	200.00	535.00
4" Meter	450.00	300.00	840.00
5" Meter	675.00	300.00	See note below
6" Meter	900.00	300.00	1,070.00

Note: 5-inch meters do not exist and this item should be removed from the tariff.

Commodity Rates (per 1,000 gallons)

All meter sizes	Present	Company	Staff
All gallons per 1,000 gallons	\$2.60	\$3.00	n/a

Additional Surcharge in addition to the above commodity rate of \$3.00 per 1,000 gallons

6,000 gallons to 7,999 gallons		5.00	n/a
8,000 gallons to 9,999 gallons		10.00	n/a
10,000 gallons to 11,999 gallons		15.00	n/a
All gallons over 11,999 gallons		20.00	n/a

5/8x3/4 Inch Meter

Tier 1: 0 gallons to 3,000 gallons	n/a	n/a	2.70
Tier 2: 3,001 gallons to 8,000 gallons	n/a	n/a	3.00
Tier 3: All gallons over 8,000 gallons	n/a	n/a	3.25

3/4 Inch Meter

Tier 1: 0 gallons to 3,000 gallons	n/a	n/a	2.70
Tier 2: 3,001 gallons to 8,000 gallons	n/a	n/a	3.00
Tier 3: All gallons over 8,000 gallons	n/a	n/a	3.25

1 Inch meter

Tier 1: 0 gallon to 10,000 gallons	n/a	n/a	3.00
Tier 2: All gallons over 10,000 gallons	n/a	n/a	3.25

1.5 Inch meter

Tier 1: 0 gallon to 20,000 gallons	n/a	n/a	3.00
Tier 2: All gallons over 20,000 gallons	n/a	n/a	3.25

2 Inch meter

Tier 1: 0 gallon to 40,000 gallons	n/a	n/a	3.00
Tier 2: All gallons over 40,000 gallons	n/a	n/a	3.25

3 Inch meter

Tier 1: 0 gallon to 144,000 gallons	n/a	n/a	3.00
Tier 2: All gallons over 144,000 gallons	n/a	n/a	3.25

4 Inch Meter

Tier 1: 0 gallons to 225,000 gallons	n/a	n/a	3.00
Tier 2: All gallons over 225,000 gallons	n/a	n/a	3.25

6 Inch Meter

Tier 1: 0 gallons to 450,000 gallons	n/a	n/a	3.00
Tier 2: All gallons over 450,000 gallons	n/a	n/a	3.25

Construction/Bulk, per 1,000 gallons - all gallons.	n/a	n/a	3.25
---	-----	-----	------

<u>Service Line and Meter Installation Charge:</u>	Company	Company	Company	Company	Staff	Staff	Staff
	<u>Present</u>	<u>Line Charge</u>	<u>Installation</u>	<u>Proposed</u>	<u>Line Charge</u>	<u>Installation</u>	<u>Total</u>
5/8" x 3/4" Meter	\$350.00	\$300.00	150.00	\$450.00	\$415.00	\$105.00	\$520.00
3/4" Meter	350.00	\$300.00	250.00	\$550.00	\$415.00	\$205.00	\$620.00
1" Meter	400.00	\$480.00	300.00	\$780.00	\$480.00	\$300.00	\$780.00
1½" Meter	550.00	\$550.00	500.00	\$1,050.00	\$550.00	\$500.00	\$1,050.00
2" Meter	800.00	actual cost	actual cost	actual cost	actual cost	actual cost	actual cost
3" Meter	1,050.00	actual cost	actual cost	actual cost	actual cost	actual cost	actual cost
4" Meter	1,750.00	actual cost	actual cost	actual cost	actual cost	actual cost	actual cost
6" Meter	3,800.00	actual cost	actual cost	actual cost	actual cost	actual cost	actual cost

<u>Service Charges</u>	Company	Company	Staff
	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Recommended Rates</u>
Establishment	\$15.00	\$30.00	30.00
Establishment (After Hours)	25.00	40.00	40.00
Reconnection (Delinquent)	25.00	30.00	30.00
Reconnection (Delinquent) after hours	25.00	40.00	40.00
Meter Test (If Correct)	25.00	30.00	30.00
Deposit	per rule	per rule	*
Deposit Interest	6.00%	2.00%	6.00%
Re-Establishment (Within 12 Months)	per rule	**	**
NSF Check	15.00	20.00	20.00
Deferred Payment	1.50%	1.50%	1.50%
Meter Re-Read (If Correct)	5.00	15.00	15.00
Late Fee	n/a	n/a	***

Fire Sprinkler Charge

4-inch or smaller	***	***	****
6-inch	***	***	****
8-inch	***	***	****
10-inch	***	***	****
Larger than 10-inch	***	***	****

Staff's Recommendation

- * Per Commission Rules (R14-2-403.B)
- ** Months off system times the minimum (R14-2-403.D)
- *** 1.50 percent on the unpaid balance per month.
- **** 2 percent 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.

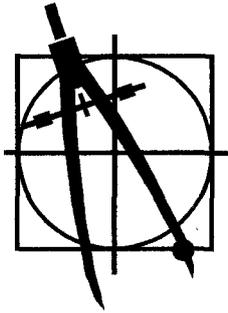
TYPICAL BILL ANALYSIS
General Service 5/8 Inch Meter

Average Number of Customers: 19

<u>Company Proposed</u>	<u>Gallons</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Average Usage	866	\$29.25	\$42.60	\$13.35	45.6%
Median Usage	208	\$27.54	\$40.62	\$13.08	47.5%
<u>Staff Proposed</u>					
Average Usage	866	\$29.25	\$35.84	\$6.59	22.5%
Median Usage	208	\$27.54	\$34.06	\$6.52	23.7%

Present & Proposed Rates (Without Taxes)
General Service 5/8 Inch Meter

<u>Gallons Consumption</u>	<u>Present Rates</u>	<u>Company Proposed Rates</u>	<u>% Increase</u>	<u>Staff Proposed Rates</u>	<u>% Increase</u>
0	\$27.00	\$40.00	48.1%	\$33.50	24.1%
1,000	29.60	43.00	45.3%	36.20	22.3%
2,000	32.20	46.00	42.9%	38.90	20.8%
3,000	34.80	49.00	40.8%	41.60	19.5%
4,000	37.40	52.00	39.0%	44.60	19.3%
5,000	40.00	55.00	37.5%	47.60	19.0%
6,000	42.60	58.00	36.2%	50.60	18.8%
7,000	45.20	61.00	35.0%	53.60	18.6%
8,000	47.80	64.00	33.9%	56.60	18.4%
9,000	50.40	67.00	32.9%	59.85	18.8%
10,000	53.00	70.00	32.1%	63.10	19.1%
15,000	66.00	85.00	28.8%	79.35	20.2%
20,000	79.00	100.00	26.6%	95.60	21.0%
25,000	92.00	115.00	25.0%	111.85	21.6%
50,000	157.00	190.00	21.0%	193.10	23.0%
75,000	222.00	265.00	19.4%	274.35	23.6%
100,000	287.00	340.00	18.5%	355.60	23.9%
125,000	352.00	415.00	17.9%	436.85	24.1%
150,000	417.00	490.00	17.5%	518.10	24.2%
175,000	482.00	565.00	17.2%	599.35	24.3%
200,000	547.00	640.00	17.0%	680.60	24.4%



By Del Smith *DS*

**ENGINEERING REPORT FOR
Parker Lakeview Estates Homeowners
Association, Inc. dba Parker Springs
Water Company**

Docket No. W-01853A-09-0226 (Rates)

September 17, 2009

CONCLUSIONS

1. Staff concludes that the Parker Lakeview Estates Homeowners Association, Inc., dba Parker Springs Water Company (“Parker Springs” or “Company”) water system has adequate capacity to serve the present customer base and some growth.
2. Minimal growth is expected over the next five-year period. The company is projected to have 42 customers by 2014.
3. The Arizona Department of Environmental Quality (“ADEQ”) regulates the Parker Springs water system under ADEQ Public Water System I.D. #02-045. Based on a Compliance Status Report, dated June 3, 2009, the system has no major deficiencies and is delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4.
4. The Parker Springs service area is not located within any Active Management Area (“AMA”). ADEQ classifies the Parker Springs water system as a non-transient, non-community water system and, therefore, this system is not regulated as a community water system by the Arizona Department of Water Resources.
5. A check of the Arizona Corporation Commission’s Compliance Section database showed that Parker Springs had no delinquent compliance issues.
6. Parker Springs has an approved Backflow Prevention Tariff on file with the Commission.

RECOMMENDATIONS

1. Lost water for Parker Springs was calculated to be 16.2 percent in 2008 which exceeds acceptable limits. Staff recommends that Parker Springs monitor the

water system and submit the gallons pumped and sold to determine the non-account water for one full year. The Company should coordinate when it reads the well meters each month with customer billing so that an accurate accounting is determined. The results of this monitoring and reporting shall be docketed as a compliance item in this case within 13 months of the effective date of the order issued in this proceeding. If the reported water loss is greater than 10 percent, the Company shall prepare a report containing a detailed analysis and plan to reduce water loss to 10 percent or less. If the Company believes it is not cost effective to reduce the water loss to less than 10 percent, it should submit a detailed cost benefit analysis to support its opinion. In no case shall the Company allow water loss to be greater than 15 percent. The water loss reduction report or the detailed analysis, whichever is submitted, shall be docketed as a compliance item within 15 months of the effective date of the order issued in this proceeding.

2. Staff recommends that an annual water testing expense of \$1,207 and certified operator expense of \$2,300 be used for purposes of this application.
3. Staff recommends that the Company use the depreciation rates delineated in Table B.
4. Staff recommends that the charges listed under "Staff's Recommendation" in Table C be adopted along with the adoption of an installation charge of "At Cost" for meter sizes of 2-inch and larger.
5. Staff recommends that Parker Springs file a curtailment tariff as soon as possible, but no later than ninety (90) days after the effective date of the final Decision and Order in this matter. The tariff shall be filed with Docket Control as a compliance item under this same docket number for Staff's review and certification. Staff further recommends that the tariff shall generally conform to the sample tariff found on the Commission's web site at <http://www.azcc.gov/Divisions/Utilities/forms/CurtailmentTariffSTANDARD.pdf>
6. Staff recommends that Parker Springs install/update "informational" signs at each facility site (i.e., at the well head, generator and storage tank sites). Signs should comply with ADEQ requirements and include the following information: system name, system public water system identification and emergency contact phone numbers. Staff further recommends that the Company file documentation with Docket Control demonstrating compliance within 45 days after the effective date of the decision in this case.

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A. INTRODUCTION AND LOCATION OF COMPANY

On May 8, 2009, Parker Lakeview Estates Homeowners Association, Inc., dba Parker Springs Water Company ("Parker Springs" or "Company") filed an application with the Arizona Corporation Commission ("ACC" or "Commission") to increase its rates. Per the rate application, based on a 2008 test year, revenues have not kept pace with increases in operating expenses. The Company's current rates were approved in Commission Decision No. 59373, dated November 1, 1995. The ACC Utilities Division Staff ("Utilities Staff") engineering review and analysis of the application are presented in this report.

Parker Springs provides water utility service to the subdivision of Parker Lakeview Estates, which overlooks Parker Canyon Lake in Cochise County, 75 miles southeast of Tucson.¹ Figure 1 shows the location of the Company within Cochise County and Figure 2 shows the Certificate of Convenience and Necessity ("CC&N") covering approximately 220 acres (or approximately one-third of a square mile).

B. DESCRIPTION OF THE WATER SYSTEM

The Parker Springs water system was visited on August 13, 2009, by Del Smith, with Utilities Staff, in the accompaniment of Victor Chacon, the Company's President, and Gail Spain, the Company's Secretary, Treasurer.²

The water system consists of one well (with total yield of 10 Gallons Per Minute ("GPM")), a storage tank (10,000 gallon capacity), and a distribution system serving 38 metered connections during the test year. A water system schematic is shown as Figure 3 and Table A includes a detailed plant facility listing.

¹ Parker Springs mailing address is HC 1, Box 474 Elgin, Arizona 85611.

² Chuck Sumner the Company's certified operator was not available to attend. Mr. Sumner's Arizona Department of Environmental Quality Operator No. is 04760. Mr. Sumner is employed by Whetstone Environmental Services LLC located in Huachuca City, Arizona.

Table A. Plant Facilities Summary³

Well Data

	Well No 1
ADWR ID No.	55-621240
Casing Size	12 inches
Casing Depth	125 feet
Pump Size in Horsepower (Hp)	One Hp
Pump Yield in Gallons Per Minute (GPM)	10 GPM
Meter Size	5/8 inch
Year Drilled	1962

Notes:

- 1) Arizona Department of Water Resources record has this well registered to Parker Springs Water Company, Inc.
- 2) The well is located on land owned by the U.S. Forest Service within the SW ¼, SE ¼, SE¼, Section 18 of Township 23 South, Range 19 East, in the County of Cochise.

Water Storage, Structures & Generators

Structure or Equipment	Location	Quantity - Capacity
Storage tank (Note 1)	Parker Lakeview Estates	1 - 10,000 gallon
Shed – metal 12’x 20’ (Note 2)	Well Site (Note 5)	1
Fence - 6’ high chain link (Note 3)	Well Site	1
Propane powered generators (Note 4)	Well Site	1 – 4.5KVA (Onan) 1 –12KVA (Onan)

Notes:

- 1) The storage tank is located on Canelo Hills Trail in the Parker Lakeview Estates subdivision.
- 2) The metal shed is used to house the generators and automated control device.
- 3) The chain link fence is used to secure the wellhead which is located a couple of hundred feet from the metal shed.
- 4) These generators are used to provide power to run the well pump (commercial power is not available in the area).
- 5) The well site is located adjacent to Parker Canyon Lake.

Distribution Mains

Diameter	Material	Length
4 inches	PVC	2,800 feet
2 inch	PVC	2,400 feet
2 inch	Galvanized	1,436 feet

³ The information listed was based on the Company’s application, Arizona Department of Water Resources Records and Staff’s site visit.

Meters

Size	Quantity
5/8 x 3/4 inch	20
3/4 inch	18

Fire Hydrants

Size/Description	Quantity
Standard	N/A

COCHISE COUNTY

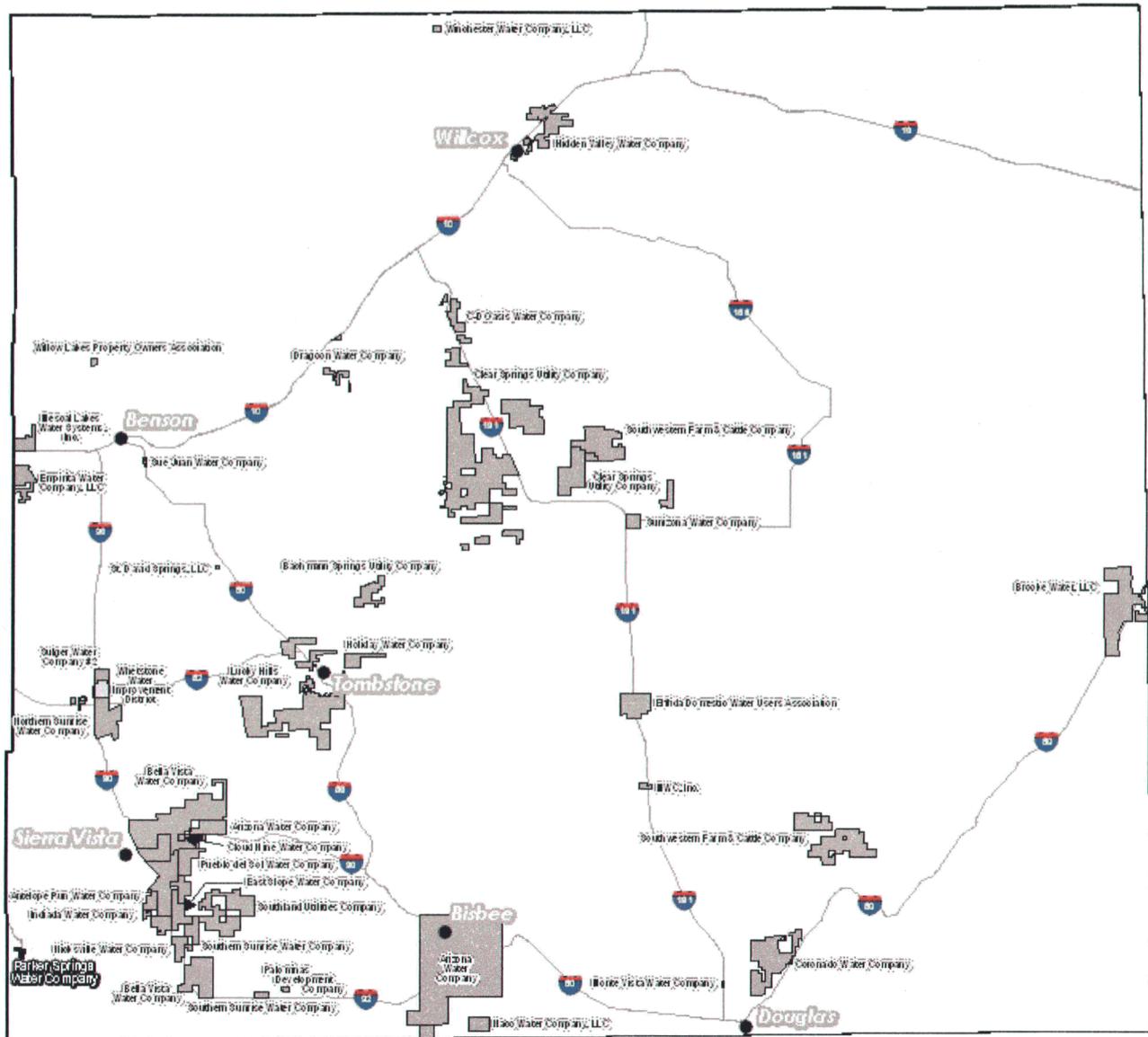
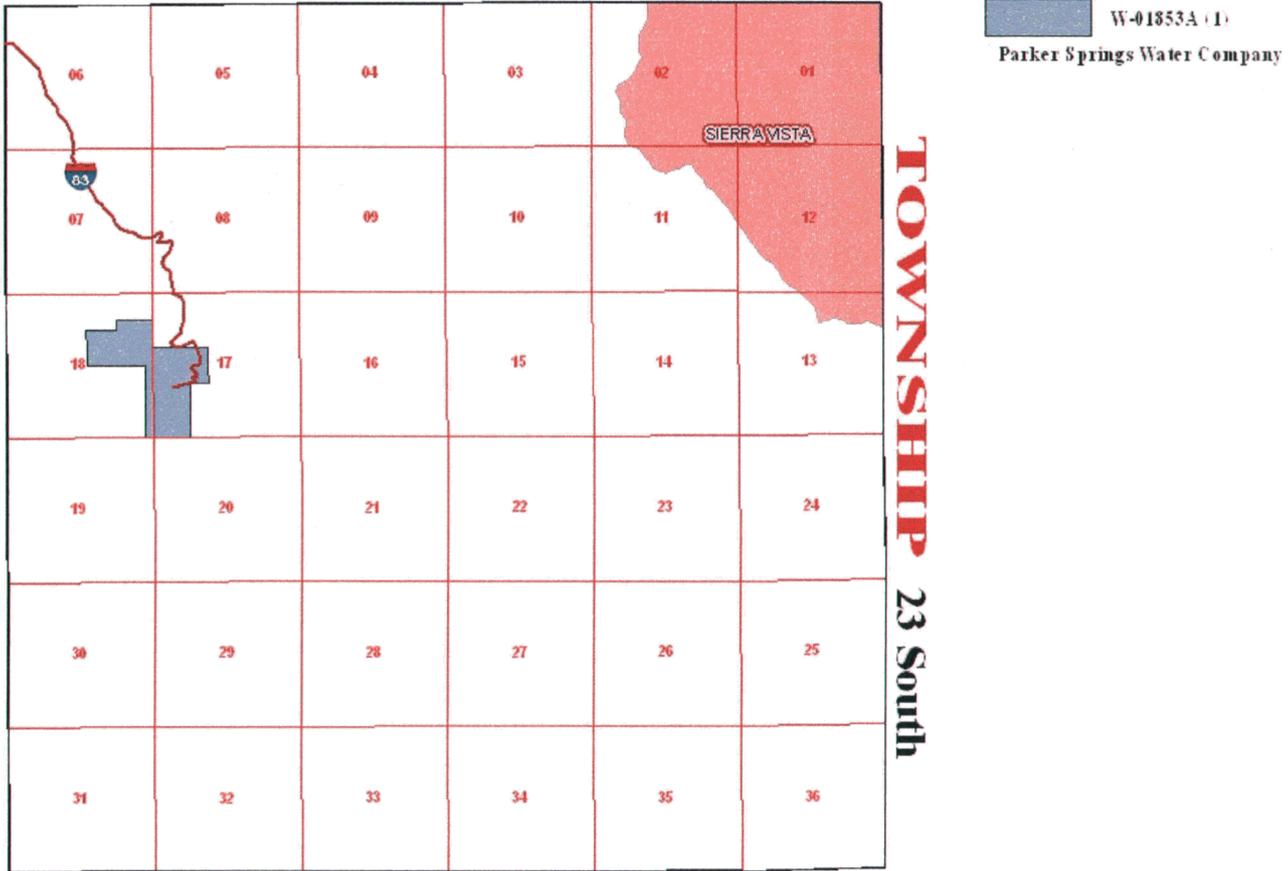


Figure 1. County Map

COCHISE COUNTY

RANGE 19 East



Pursuant to ARS § 39-421.03 this map is 'Not for Commercial Use'

TR23519E 24 JUN 1991

Figure 2. Certificated Area

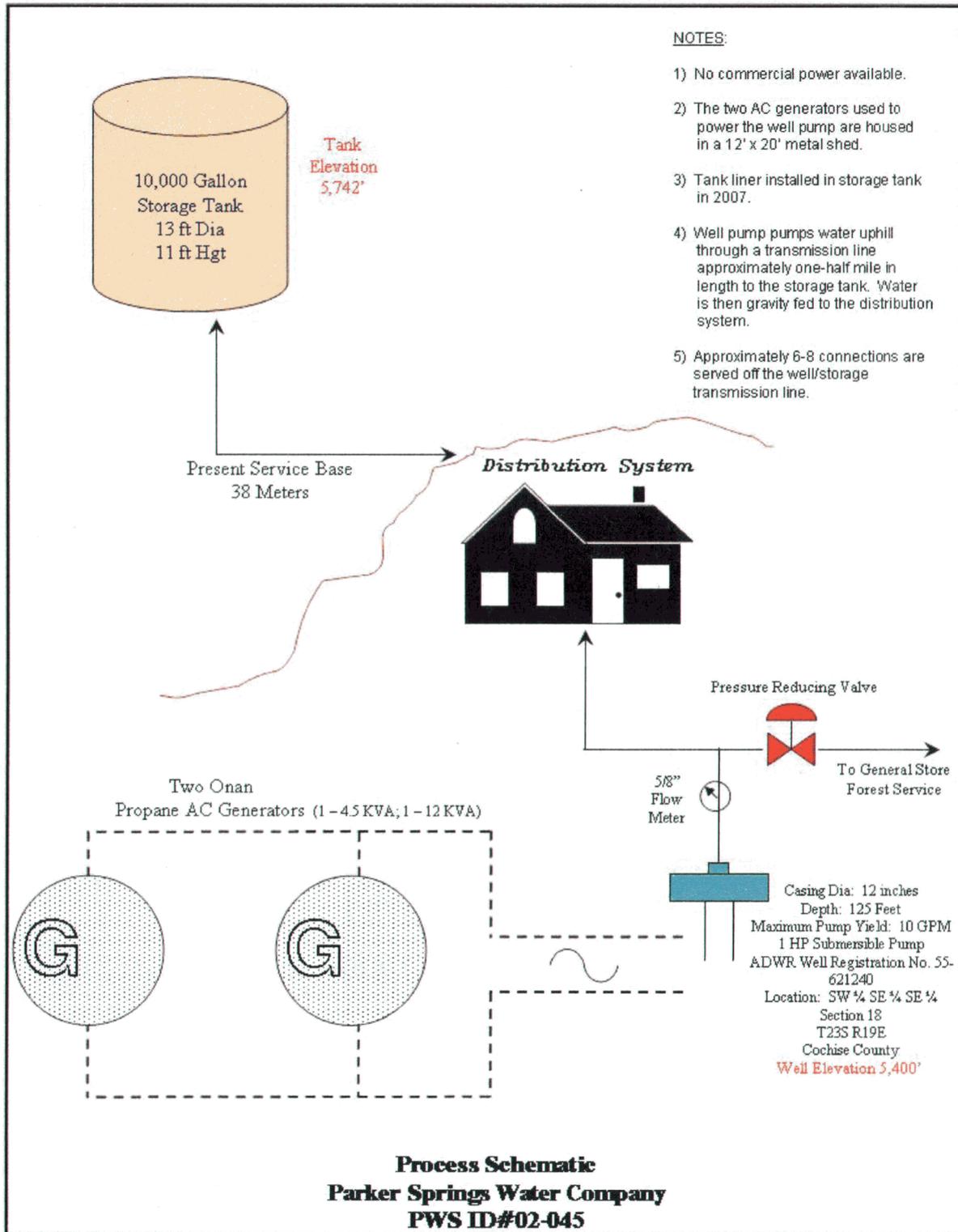


Figure 3. Water System Schematic

C. WATER USE

Water Sold

Figure 4 presents the water consumption data provided by the Company for the test year ending December 31, 2008. Customer consumption included a high monthly water use of 45 gallons per day (“GPD”) per connection in July, and the low water use was 17 GPD per connection in the months of February and March. The average annual use was 29 GPD per connection. The Company reported 400,400⁴ gallons of water sold during the test year. The Company reported that only 5 of its 38 customers during the test year were full-time residents. Using individual customer billing information, the Company calculated that the average full-time resident purchased 7,666 gallons during the peak month of July. This equates to 247 GPD per “full-time” connection which is typical usage for an average customer.

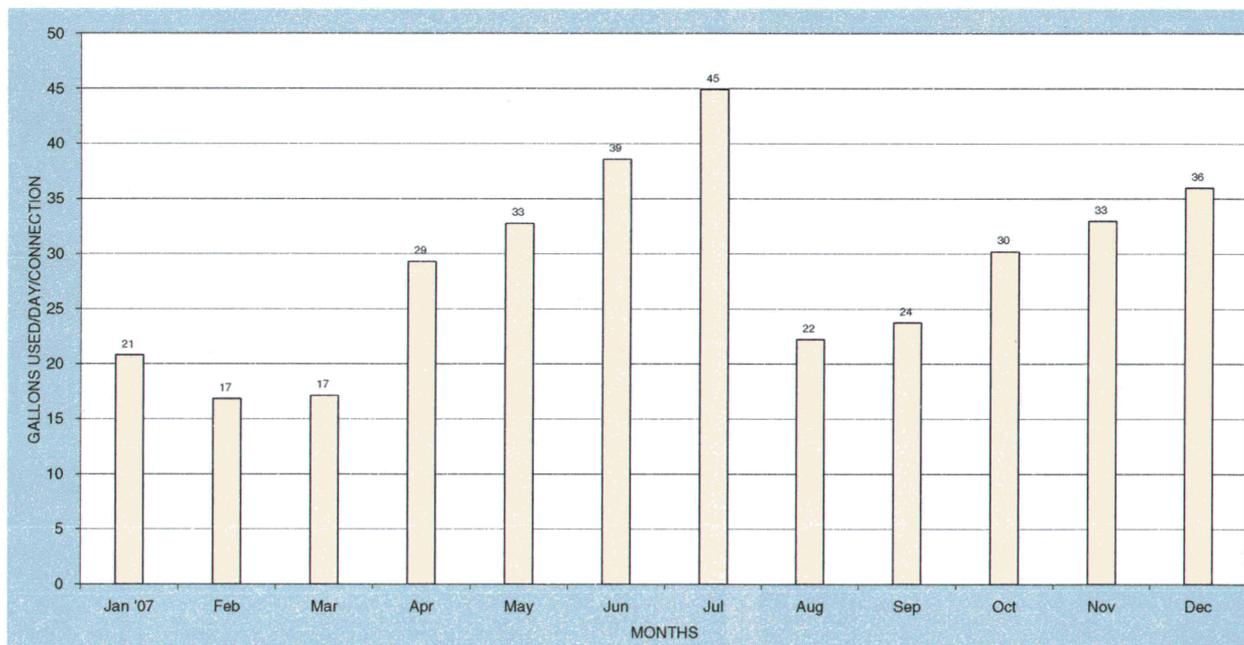


Figure 4. Water Use

Non-Account Water

Non-account water should be 10 percent or less. It is important to be able to reconcile the difference between water sold and the water produced by the source. A water balance will allow a company to identify water and revenue losses due to leakage, theft and flushing. Lost water for Parker Springs was calculated to be 16.2 percent in 2008 which exceeds acceptable

⁴ Total water sold during the test year based on the monthly data.

limits. Installation of "blow-off" valves occurred during this same period. This work would have contributed to a higher than normal amount of non-account water due to "flushing" of the lines. The water use data filed in the Company's 2007 Commission Annual Report indicated a 7.5 percent water loss which is within acceptable limits.

Staff recommends that Parker Springs monitor the water system and submit the gallons pumped and sold to determine the non-account water for one full year. The Company should coordinate when it reads the well meters each month with customer billing so that an accurate accounting is determined. The results of this monitoring and reporting shall be docketed as a compliance item in this case within 13 months of the effective date of the order issued in this proceeding. If the reported water loss is greater than 10%, the Company shall prepare a report containing a detailed analysis and plan to reduce water loss to 10% or less. If the Company believes it is not cost effective to reduce the water loss to less than 10%, it should submit a detailed cost benefit analysis to support its opinion. In no case shall the Company allow water loss to be greater than 15%. The water loss reduction report or the detailed analysis, whichever is submitted, shall be docketed as a compliance item within 15 months of the effective date of the order issued in this proceeding.

System Analysis

The system's well production capacity is 10 GPM and the system has a 10,000 gallon storage capacity. There are no fire hydrants in the distribution system. The system had 38 connections during the peak month of use in July 2008. Staff concludes that the system has adequate capacity to serve the present customer base and some growth.

The well is located on a hill overlooking the distribution area approximately one-half mile from the well. Water is pumped uphill by the well pump to the storage tank and the water is then gravity fed from the storage tank to the distribution system.⁵ Commercial power has never been extended to serve the Parker Canyon Lake area. Propane generators are used to supply power to run the well pump and automated controls. Major system improvements since the last rate review in 1995 include: 1) installation of new propane generators; 2) installation of approximately 2,000 feet of new distribution main; 3) installation of automated well pump controls; 4) storage tank improvements (installation of tank liner); and 5) installation of "blow-off" valves for flushing of main lines.

D. GROWTH

Parker Springs has experienced minimal growth in recent years adding only one new connection during the five-year period between 2003 and 2008. In early 2009 the Company added two new connections. Minimal growth is expected over the next five-year period. The company is projected to have 42 customers by 2014. Figure 5 details the customer growth using

⁵ The well is approximately 340 feet lower in elevation than the storage tank.

linear regression analysis. Staff's historical and projected growth figures are based on the number of metered connections reported by the Company in its annual reports submitted to the Commission.

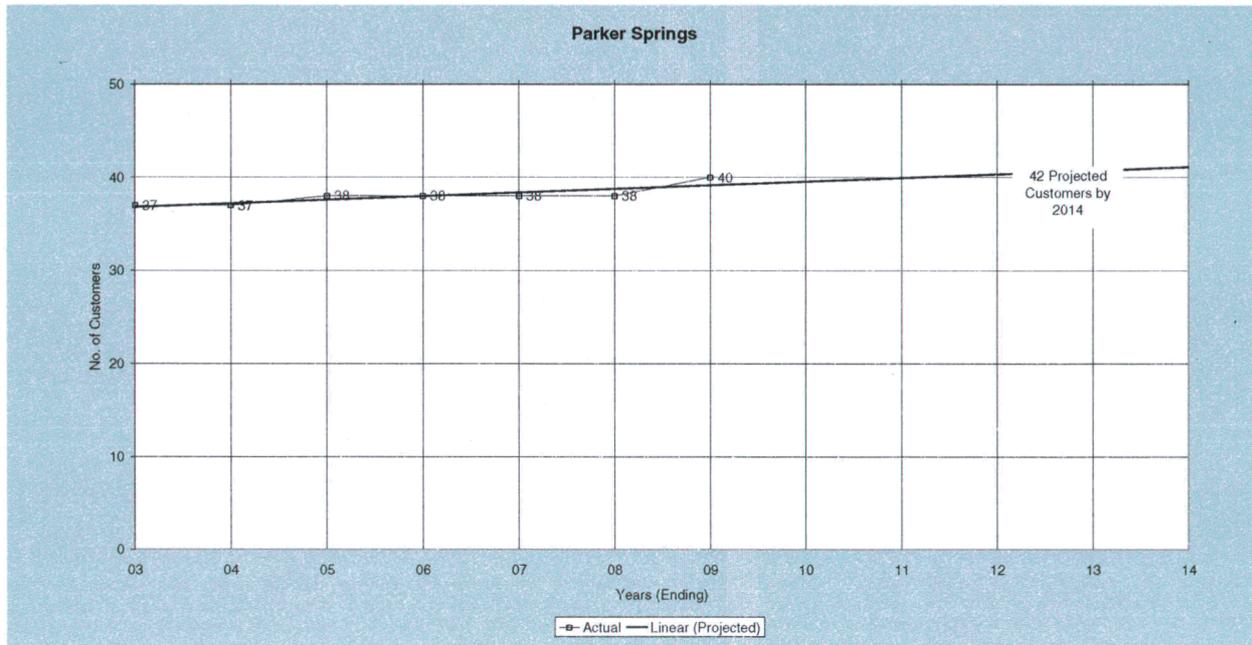


Figure 5. Growth Projection

E. ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY (“ADEQ”) COMPLIANCE

Compliance

ADEQ regulates the Parker Springs water system under ADEQ Public Water System I.D. #02-045. Based on a Compliance Status Report, dated June 3, 2009, the system has no major deficiencies and is delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4.

ADEQ last inspected the system on August 16, 2006.⁶ The ADEQ inspector identified two deficiencies⁷ at the time of this inspection. The deficiencies identified by the ADEQ inspector have been corrected by the Company.

Water Testing Expense

The Company is subject to mandatory participation in the Monitoring Assistance Program ("MAP").⁸ The Company reported its water testing expense at \$1,623.35 during the test year. The Company reported combined water testing expense and water operator's fees of \$3,746.60 (excluding the MAP fee) during the test year. Staff has reviewed and recalculated these expenses. Table A presents Staff's adjusted annual water testing and certified operator expenses.

⁶ Date of last Sanitary Survey.

⁷ The deficiencies included 1) a storage tank deficiency that was corrected with the installation of a rain shield and 2) a general deficiency that was corrected by updating the Company's Emergency Operations Plan.

⁸ The MAP program is mandatory for water systems, which serve less than 10,000 persons (approximately 3,300 service connections).

Table A. Water Testing Cost

Monitoring	Cost per test	Quantity of tests per 3 years	Annual Testing Cost	Certified Operator Annual Fee	Total Annual Cost
Total coliform (one test - monthly)	\$25	36	\$300	-	\$2,600
MAP – IOCs, Radiochemicals, Nitrate, Nitrite, Asbestos, SOCs, & VOCs	MAP	MAP	\$348 (Note 1)	-	\$348
Lead & Copper (five tests triennially)	\$44	5	\$74	-	\$74
Residual Disinfectant Monitoring (one test monthly) (Note 2)	\$30	36	\$360	-	\$360
Disinfection Byproducts (testing done triennially) (Note 2)	\$385	1	\$125	-	\$125
Total			\$1,207	\$2,300 (Note 3)	\$3,507

- Notes: 1) The ADEQ MAP invoice for Calendar Year 2009 was \$347.66.
 2) ADEQ requires Residual Disinfectant and Disinfection By-Product tests be performed when a water system is equipped with an automatic chlorination device. The Company has informed Staff that it will be installing such a device on its system later this year.
 3) Company reported a monthly certified operator fee of \$175.00 (\$2,100.00 annualized). Staff's recommended annual certified operator fee of \$2,300 includes an additional \$200.00 for extra trip mileage.

Staff recommends that an annual water testing expense of \$1,207 and certified operator expense of \$2,300 be used for purposes of this application.

F. ARIZONA DEPARTMENT OF WATER RESOURCES (“ADWR”) COMPLIANCE

Compliance

The Parker Springs service area is not located within any Active Management Area (“AMA”). ADEQ classifies the Parker Springs water system as a non-transient, non-community water system⁹ and therefore this system is not regulated as a community water system by ADWR.¹⁰

Well Registration

According to ADWR well registration records, Parker Springs owns the well and the United States Forest Service owns the land on which the well is located.

G. ACC COMPLIANCE

A check of the Commission’s Compliance Section database showed that Parker Springs had no delinquent Commission compliance issues.¹¹

H. DEPRECIATION RATES

Parker Springs has been using a depreciation rate of 5.00 percent in every National Association of Regulatory Utility Commissioners (“NARUC”) plant category. In recent orders, the Commission has been adopting Staff’s typical and customary depreciation rates which vary by NARUC plant category. These rates are presented in Table B and it is recommended that the Company use these depreciation rates by individual NARUC plant category.

⁹ ADEQ defines a community water system as a public water system which serves at least 15 service connections used by year-round residents or regularly serves at least 25 year-round residents (the Company reported 5 full-time customers).

¹⁰ Per ADWR Water Provider Compliance Status Report dated May 15, 2009.

¹¹ Per Compliance Section email dated August 3, 2009.

Table B. Depreciation Rate Table for Water Companies

NARUC Acct. No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
304	Structures & Improvements	30	3.33
305	Collecting & Impounding Reservoirs	40	2.50
306	Lake, River, Canal Intakes	40	2.50
307	Wells & Springs	30	3.33
308	Infiltration Galleries	15	6.67
309	Raw Water Supply Mains	50	2.00
310	Power Generation Equipment	20	5.00
311	Pumping Equipment	8	12.5
320	Water Treatment Equipment		
320.1	Water Treatment Plants	30	3.33
320.2	Solution Chemical Feeders	5	20.0
330	Distribution Reservoirs & Standpipes		
330.1	Storage Tanks	45	2.22
330.2	Pressure Tanks	20	5.00
331	Transmission & Distribution Mains	50	2.00
333	Services	30	3.33
334	Meters	12	8.33
335	Hydrants	50	2.00
336	Backflow Prevention Devices	15	6.67
339	Other Plant & Misc Equipment	15	6.67
340	Office Furniture & Equipment	15	6.67
340.1	Computers & Software	5	20.00
341	Transportation Equipment	5	20.00
342	Stores Equipment	25	4.00
343	Tools, Shop & Garage Equipment	20	5.00
344	Laboratory Equipment	10	10.00
345	Power Operated Equipment	20	5.00
346	Communication Equipment	10	10.00
347	Miscellaneous Equipment	10	10.00

I. OTHER ISSUES**1. Service Line and Meter Installation Charges**

Parker Springs has requested changes in its service line and meter installation charges.¹² These charges are refundable advances and the Company requested charges generally fall within Staff's customary range of charges. Since the Company may at times install meters on existing service lines, it would be appropriate for some customers to only be charged for the meter installation. Therefore, separate service line and meter charges were developed by the Company and Staff. The Company's proposed service line charges for 5/8-inch and 3/4 inch meters are slightly below Staff recommended range. Therefore, Staff recommends using the Company's proposed changes for these smaller meters. The Company proposed to charge actual costs for 2-inch and larger meters. Staff does not oppose the Company's proposal to charge actual costs for the 2-inch and larger size meters. Staff recommends that the charges listed under "Staff's Recommendation" in Table C be adopted along with the adoption of an installation charge of "At Cost" for meter sizes of 2-inch and larger.

Table C. Service Line and Meter Installation Charges

Meter Size	Company Current Tariff	Company Proposed			Staff's Recommendation		
		Service Line Charge	Meter Charge	Total Charge	Service Line Charge	Meter Charge	Total Charge
5/8 x 3/4-inch	\$350	\$300	\$150	\$450	\$300	\$150	\$450
3/4-inch	\$350	\$300	\$250	\$550	\$300	\$250	\$550
1-inch	\$400	\$480	\$300	\$780	\$480	\$300	\$780
1-1/2-inch	\$550	\$550	\$500	\$1,050	\$550	\$500	\$1,050
2-inch Turbine	\$800	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
2-inch Comp	-	-	-	-	-	-	-
3-inch Turbine	\$1,050	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
3-inch Comp	-	-	-	-	-	-	-
4-inch Turbine	\$1,750	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
4-inch Comp	-	-	-	-	-	-	-
6-inch Turbine	\$3,800	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
6-inch Comp	-	-	-	-	-	-	-

¹² See Company responses docketed August 14, 2009 to Staff's Letter of Deficiency dated June 8, 2009.

2. Curtailment Tariff

A curtailment tariff is an effective tool to allow a water company to manage its resources during periods of shortages due to pump breakdowns, droughts, or other unforeseeable events. Since the Company does not have a curtailment tariff, this application provides an opportune time to prepare and file such a tariff. Staff recommends that Parker Springs file a curtailment tariff as soon as possible, but no later than ninety (90) days after the effective date of the final Decision and Order in this matter. The tariff shall be filed with Docket Control as a compliance item under this same docket number for Staff's review and certification.

Staff further recommends that the tariff shall generally conform to the sample tariff found on the Commission's web site at <http://www.azcc.gov/Divisions/Utilities/forms/CurtailmentTariffSTANDARD.pdf>. Staff recognizes that the Company may need to make minor modifications according to their specific management, operational, and design requirements as necessary and appropriate.

3. Backflow Prevention Tariff

Parker Springs has an approved Backflow Prevention Tariff on file with the Commission.

4. Posting of Sign at Facility Sites

During its site inspection Staff noted that a sign listing the Company's identification and contact information was not visible at each facility site. Staff recommends that Parker Springs install/update "informational" signs at each facility site (i.e., at the well head, generator and storage tank sites). Signs should comply with ADEQ requirements and include the following information: system name, system PWS ID and emergency contact phone numbers. Staff further recommends that the Company file documentation with Docket Control demonstrating compliance within 45 days after the effective date of the decision in this case.