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BEFORE THE ARIZONA CORPORATION COM  
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COMMISSIONERS

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

2010 MAR 25 A 11: 06

AZ CORP COMMISSION  
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF  
CITIZENS COMMUNICATIONS COMPANY,  
AGUA FRIA DIVISION, FOR (1) AN  
EXTENSION OF THE AREA COVERED BY ITS  
EXISTING CERTIFICATE OF CONVENIENCE  
AND NECESSITY, (2) APPROVAL OF THE  
CATERPILLAR PROPERTY  
WATER/WASTEWATER AGREEMENT, (3)  
APPROVAL OF THE TARIFF FOR THE WATER  
FACILITIES HOOK-UP FEE, (4) APPROVAL OF  
THE TARIFF FOR GENERAL NON-POTABLE  
WATER SERVICE, AND (5) APPROVAL OF  
RULE NO. 12 APPLICABLE TO NON-POTABLE  
WATER SERVICE.

DOCKET NO. W-01032B-00-1043

IN THE MATTER OF THE APPLICATION OF  
CITIZENS WATER SERVICES COMPANY OF  
ARIZONA FOR (1) AN EXTENSION OF THE  
AREA COVERED BY ITS EXISTING  
CERTIFICATE OF CONVENIENCE AND  
NECESSITY FOR WASTEWATER SERVICE, (2)  
APPROVAL OF THE CATERPILLAR  
PROPERTY WATER/WASTEWATER  
AGREEMENT, (3) APPROVAL OF THE TARIFF  
FOR THE WASTEWATER FACILITIES HOOK-  
UP FEE.

DOCKET NO. ~~SW~~-03454A-00-1043  
WS

DECISION NO. 64307

NOTICE OF COMPLIANCE FILING

12  
13

Arizona Corporation Commission

**DOCKETED**

MAR 25 2010



1 In compliance with Decision Nos. 64307, 64746 and 66512, Arizona American Water  
2 Company hereby files the attached 2009 Aqua Fria Hook-up Fee Report.  
3

4 RESPECTFULLY SUBMITTED on March 25, 2010.  
5  
6  
7

8   
9 Sandra L. Murrey  
10 Rates Analyst  
11 Arizona-American Water  
12 2355 W. Pinnacle Peak Rd., Suite 300  
13 Phoenix, AZ 85027  
14 [Sandra.Murrey@amwater.com](mailto:Sandra.Murrey@amwater.com)  
15 623-445-2490  
16  
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22  
23

24 Original and 13 copies **filed**  
25 on March 25, 2010, with:  
26

27 Docket Control  
28 Arizona Corporation Commission  
29 1200 West Washington  
30 Phoenix, Arizona 85007  
31

32 Copies of the foregoing **emailed**  
33 on March 25, 2010 to:  
34

35 Brian K. Bozzo  
36 Compliance and Enforcement Manager  
37 Utilities Division  
38 1200 West Washington Street  
39 Phoenix, AZ 85007

Agua Fria Hook-up Fee

2009 Report

District	Description	Receipts	Expenses	Balance
Combined	Adjusted Beginning Balance			(\$54,559,104)
AF Water	White Tanks Regional Treatment Plant		(\$19,482,534)	(\$74,041,638)
AF Water	Sierra Montana Plant Expansion		(\$4,538)	(\$74,046,176)
AF Water	White Tanks Distribution		(\$2,070,984)	(\$76,117,160)
AF Water	Taylor Morrison - White Tanks	\$230,040		(\$75,887,120)
AF Water	Taylor Morrison - White Tanks	\$12,780		(\$75,874,340)
AF Water	Barclay Group Development - White Tanks	\$107,565		(\$75,766,775)
AF Water	William Lyon Homes - White Tanks	\$55,380		(\$75,711,395)
AF Water	Taylor Morrison - White Tanks	\$21,300		(\$75,690,095)
AF Water	Taylor Morrison - White Tanks	\$20,235		(\$75,669,860)
AF Water	Brookside Bell Plaza LLC - White Tanks	\$22,365		(\$75,647,495)
AF Water	Barclay Group Development - White Tanks	\$5,325		(\$75,642,170)
AF Water	Dysart Unified - White Tanks	\$174,660		(\$75,467,510)
AF Water	Auto Zone - White Tanks	\$22,365		(\$75,445,145)
AF Water	Meritage Homes Construction Inc - White Tanks	\$65,550		(\$75,379,595)
AF Water	Westcor Surprise LLC - White Tanks	\$85,200		(\$75,294,395)
AF Water	William Lyon Homes - White Tanks	\$17,040		(\$75,277,355)
AF Water	Roskamp Sun Health Residential Srv-White Tanks	\$26,625		(\$75,250,730)
AF Water	Taylor Morrison - White Tanks	\$17,040		(\$75,233,690)
AF Water	Taylor Morrison - White Tanks	\$221,595		(\$75,012,095)
AF Water	Cotton Greenway Partners LLC - White Tanks	\$5,325		(\$75,006,770)
AF Water	Goddard Valentino - White Tanks	\$15,975		(\$74,990,795)
AF Water	Goddard Valentino - White Tanks	\$3,918		(\$74,986,876)
AF Water	The Midland Group - White Tanks	\$27,690		(\$74,959,186)
AF Water	Taylor Morrison - White Tanks	\$10,650		(\$74,948,536)
AF Water	Taylor Morrison - White Tanks	\$8,520		(\$74,940,016)
AF Water	Taylor Morrison - White Tanks	\$252,405		(\$74,687,611)
AF Water	Taylor Morrison - White Tanks	\$271,575		(\$74,416,036)
AF Water	Lone Star - White Tanks. Refund	(\$26,625)		(\$74,442,661)
AF Water	Pulte Development - Non White Tanks	\$4,000		(\$74,438,661)
AF Water	William Lyon Homes - Non White Tanks	\$3,641		(\$74,435,020)
AF Water	William Lyon Homes - Non White Tanks	\$27,519		(\$74,407,501)
AF Water	Taylor Morrison - Non White Tanks	\$21,165		(\$74,386,336)
AF Water	Taylor Morrison - Non White Tanks	\$2,300		(\$74,384,036)
AF Water	Barclay Group Development - Non White Tanks	\$58,075		(\$74,325,961)
AF Water	William Lyon Homes - Non White Tanks	\$29,900		(\$74,296,061)
AF Water	Taylor Morrison - Non White Tanks	\$11,500		(\$74,284,561)
AF Water	Taylor Morrison - Non White Tanks	\$4,600		(\$74,279,961)
AF Water	Taylor Morrison - Non White Tanks	\$82,800		(\$74,197,161)
AF Water	Brookside Bell Plaza LLC - Non White Tanks	\$12,075		(\$74,185,086)
AF Water	Barclay Group Development - Non White Tanks	\$2,875		(\$74,182,211)
AF Water	Dysart Unified - Non White Tanks	\$94,300		(\$74,087,911)
AF Water	Auto Zone - Non White Tanks	\$12,075		(\$74,075,836)
AF Water	Westcor Surprise LLC - Non White Tanks	\$46,000		(\$74,029,836)
AF Water	William Lyon Homes - Non White Tanks	\$9,200		(\$74,020,636)
AF Water	Roskamp Sun Health Residential Srv-Non White Tanks	\$14,375		(\$74,006,261)
AF Water	First American Title Insurance Co - Non White Tanks	\$1,868,272		(\$72,137,990)
AF Water	Taylor Morrison - Non White Tanks	\$9,200		(\$72,128,790)
AF Water	Taylor Morrison - Non White Tanks	\$29,325		(\$72,099,465)
AF Water	Cotton Greenway Partners LLC - Non White Tanks	\$2,875		(\$72,096,590)
AF Water	Goddard Valentino - Non White Tanks	\$8,625		(\$72,087,965)
AF Water	Pulte Development - Non White Tanks	\$874,443		(\$71,213,521)
AF Water	The Midland Group - Non White Tanks	\$14,950		(\$71,198,571)
AF Water	Taylor Morrison - Non White Tanks	\$5,750		(\$71,192,821)
AF Water	Taylor Morrison - Non White Tanks	\$4,600		(\$71,188,221)
AF Water	Taylor Morrison - Non White Tanks	\$136,275		(\$71,051,946)
AF Water	Taylor Morrison - Non White Tanks	\$146,625		(\$70,905,321)
AF Water	Michele Francoise - Non White Tanks. Refund	(\$200)		(\$70,905,521)
AF Wastewater	Meritage Homes Construction Inc - White Tanks	\$28,500		(\$70,877,021)
Combined	Total for the Year	\$5,240,138	(\$21,558,056)	(\$16,317,917)
Combined	Interest Earned			\$0
Combined	Adjusted Beginning Balance			(\$54,559,104)
Combined	Ending Balance			(\$70,877,021)

With a negative balance throughout 2009, no interest was earned during the year.

1 Company, Agua Fria Division, and Citizens Water Services Company of Arizona, as amended,  
2 including the hook-up fees for water and wastewater facilities, as well as the tariffs for potable and  
3 non-potable water service, are approved.

4 IT IS FURTHER ORDERED that Citizens Communications Company, Agua Fria Division,  
5 and Citizens Water Services Company of Arizona shall comply with Staff's recommendation to  
6 maintain all water and wastewater hook-up fees related to this project in a separate interest bearing  
7 account, and to file annual reports in accordance with Staff's recommendation.

8 IT IS FURTHER ORDERED that Citizens Communications Company, Agua Fria Division,  
9 and Citizens Water Services Company of Arizona treat all water and wastewater hook-up fees related  
10 to this project as non-refundable contributions.

11 IT IS FURTHER ORDERED that Citizens Communications Company, Agua Fria Division,  
12 and Citizens Water Services Company of Arizona charge their existing rates and charges for  
13 customers in the Whitestone development, with the exception of hook-up fees and non-potable water  
14 charges, which shall be assessed in accordance with the tariffs contained in the Application and  
15 Hearing Exhibit A-2, and as amended by the Staff Report.

16 IT IS FURTHER ORDERED that Citizens Communications Company, Agua Fria Division,  
17 and Citizens Water Services Company of Arizona shall file water and wastewater tariffs in  
18 compliance with this Decision within 30 days.

19 IT IS FURTHER ORDERED that Citizens Communications Company, Agua Fria Division,  
20 and Citizens Water Services Company of Arizona shall file copies of all required permits and  
21 approvals to the Utilities Division Director within 18 months of the date of this Decision.

22 IT IS FURTHER ORDERED that Citizens Communications Company, Agua Fria Division,  
23 and Citizens Water Services Company of Arizona shall file a copy of all related municipal franchise  
24 agreements within 365 days of the effective date of this Decision.

25 IT IS FURTHER ORDERED that, in the event Citizens Communications Company, Agua  
26 Fria Division, and Citizens Water Services Company of Arizona fail to meet the above conditions  
27 within the time specified, the extension of the Companies Certificates of Convenience and Necessity  
28 shall be deemed to be denied, without further Order of the Arizona Corporation Commission.

1 Phase I of the wastewater facilities necessary to serve Phase I of the planned development, which  
2 consists of 148 residential homes. The Phase I wastewater facilities include collection mains and a  
3 60,000 gallon-per-day ("gpd") package plant located on 3.1 acres. Under the Agreement, Russell  
4 Ranch will advance the Phase I facilities to Applicant, and Applicant will refund the advance by  
5 means of a one-time refund of \$375 per lot in the Phase I Development area as each Phase I lot  
6 initiates wastewater service.

7 9. Applicant is investigating the possibility, long-term, of constructing a regional  
8 wastewater treatment facility in the general vicinity of the proposed extension area. In the event that  
9 Applicant builds the planned regional facility; Applicant will serve the remaining 344 homes, and  
10 possibly the first 148 homes, of the proposed development from that regional facility.

11 10. If Applicant does not build the planned regional facility, Applicant will construct  
12 Phase II of the wastewater facilities as described in the Agreement. Phase II of the wastewater  
13 facilities plan includes expansion of the Phase I plant by an additional 130,000 gpd capacity to serve  
14 the remaining 344 residences. Applicant plans to fund part of the costs of Phase II construction from  
15 hook-up fees collected under the wastewater hook-up fee tariff for which it is requesting approval in  
16 this application.

17 11. At build-out, the Russell Ranch development is expected to serve a total of 492  
18 residential households, and no commercial customers.

19 12. In the Staff Report and at the hearing, Staff recommended that the Commission  
20 approve the application and further recommended the following:

- 21
- 22 a. that the Commission approve Applicant's wastewater facilities line extension Agreement with Russell Ranch;
  - 23 b. that the Commission require Applicant to charge its current tariffed rates in the extension area; and
  - 24 c. that the Commission require Applicant to file all related municipal agreements within 365 days of this Decision.
- 25

26

27 13. In the Staff Report and at the hearing, Staff also recommended that the Commission  
28 approve Applicant's proposed wastewater facilities hook-up fee tariff, subject to the following

1 conditions:

2 a. that all hook-up fees collected under the tariff be placed in a separate interest  
3 bearing account and be used only for the installation of backbone off-site  
4 facilities;

5 b. that the hook-up fees be considered non-refundable contributions; and

6 c. that the Commission require Applicant to file annual reports on the hook-up  
7 fee accounts, due by February 28 of each year, beginning with Calendar Year  
8 2002, that disclose: the name of each entity paying a hook-up fee; the amount  
9 of the hook-up fee paid by each entity; a description of the utility plant  
10 constructed with hook-up fee funds; the balance of the hook-up fee account;  
11 interest earned on the hook-up fee account; and any other information required  
12 by Staff.

13 14. Applicant did not file any objections to the Staff Report by the procedural deadline  
14 established in the October 24, 2001 Procedural Order.

15 15. At the hearing, Applicant and Staff stipulated to incorporation in this docket of the  
16 testimony of Staff witness Jim Fisher and Applicant witness Ray Jones regarding Staff's  
17 recommendation in Docket Nos. W-01032B-00-1043 and SW-03454A-00-1043 that all hook-up fees  
18 collected under the proposed tariffs be placed in a separate interest bearing account and that  
19 Applicant file an annual report regarding the hook-up fee account. The Commission adopted Staff's  
20 recommendation on those issues in Decision No. 64307 (December 28, 2001).

21 16. At the hearing, Applicant agreed to comply with and abide by all of the  
22 recommendations contained in the Staff Report, including Staff's recommendation that Applicant  
23 maintain a separate hook-up fee account and file annual reports on that account. Accordingly, the  
24 proposed tariffs should be approved.

25 17. Applicant is in the process of obtaining a franchise agreement with Maricopa County  
26 for the proposed extension area.

27 18. Applicant is in total compliance with Arizona Department of Environmental Quality  
28 and Arizona Department of Water Resources rules and regulations.

19. Applicant is in compliance with Commission filing requirements.

**CONCLUSIONS OF LAW**

1. Arizona American Water Company, formerly known as Citizens Water Services

1 Company of Arizona, is a public service corporation within the meaning of Article XV of the Arizona  
2 Constitution and A.R.S. §§ 40-281 and 40-282.

3 2. The Commission has jurisdiction over Applicant and the subject matter of the  
4 application.

5 3. Notice of the application was provided in accordance with law.

6 4. There is a public need and necessity for wastewater utility services in the proposed  
7 extension area.

8 5. Applicant is a fit and property entity to be granted an extension of the area under its  
9 wastewater Certificate that, as proposed, would encompass an area in west central Maricopa County,  
10 as more fully described in Exhibit A attached hereto.

11 6. Staff's recommendations as set forth in Findings of Fact Nos. 12 and 13 above are  
12 reasonable and should be adopted.

13 **ORDER**

14 IT IS THEREFORE ORDERED that the application of Arizona-American Water Company,  
15 formerly known as Citizens Water Services Company of Arizona, for an extension of its wastewater  
16 Certificate of Convenience and Necessity to include the area set forth in Exhibit A hereto, is hereby  
17 granted.

18 IT IS FURTHER ORDERED that the Wastewater Facilities Line Extension Agreement  
19 between Arizona-American Water Company, formerly known as Citizens Water Services Company  
20 of Arizona, and Russell Ranch, LLC, is hereby approved.

21 IT IS FURTHER ORDERED that the tariff proposed in the application, including the hook-up  
22 fees for wastewater facilities, is approved, conditioned as follows: Arizona-American Water  
23 Company, formerly known as Citizens Water Services Company of Arizona shall: 1) treat all water  
24 and wastewater hook-up fees related to this project as non-refundable contributions; 2) maintain all  
25 wastewater hook-up fees related to this project in a separate interest bearing account; and 3) file  
26 annual reports in accordance with Staff's recommendation in Findings of Fact No. 13 above.

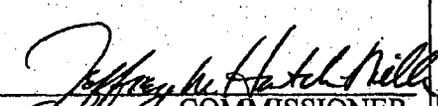
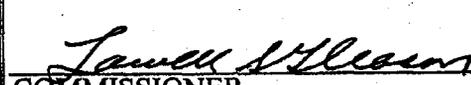
27 IT IS FURTHER ORDERED that Arizona-American Water Company, formerly known as  
28 Citizens Water Services Company of Arizona, shall charge its existing tariffed rates and charges in

1 construction.

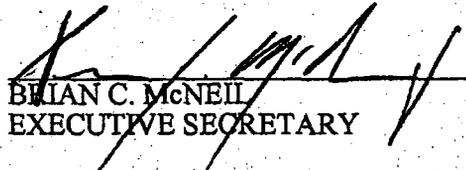
2 IT IS FURTHER ORDERED that, consistent with Decision No. 64307, Arizona-American  
3 Water Company, Agua Fria Division, shall comply with Staff's recommendation to maintain all  
4 water and wastewater hook-up fees in a separate interest bearing account, and to file annual reports in  
5 accordance with Staff's recommendation.

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

7 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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9     
10 CHAIRMAN COMMISSIONER COMMISSIONER  
11    
12 COMMISSIONER COMMISSIONER

13  
14 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive  
15 Secretary of the Arizona Corporation Commission, have  
16 hereunto set my hand and caused the official seal of the  
17 Commission to be affixed at the Capitol, in the City of Phoenix,  
18 this 10<sup>th</sup> day of November, 2003.

19   
20 BRIAN C. McNEIL  
21 EXECUTIVE SECRETARY

22 DISSENT \_\_\_\_\_

23 DISSENT \_\_\_\_\_

24 DDN:mlj