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BEFORE THE ARIZONA CORPORATION COMMISSION

1  
2 JIM IRVIN  
3           COMMISSIONER - CHAIRMAN  
4 RENZ D. JENNINGS  
5           COMMISSIONER  
6 CARL J. KUNASEK  
7           COMMISSIONER

8 IN THE MATTER OF THE APPLICATION OF )  
9 CITIZENS UTILITIES COMPANY FOR (1) )  
10 APPROVAL OF THE AGREEMENT FOR THE )  
11 VILLAGES AT DESERT HILLS )  
12 WATER/WASTEWATER INFRASTRUCTURE, )  
13 AND (2) FOR APPROVAL OF FORMATION OF )  
14 SUBSIDIARIES. )

DOCKET NO. W-01032A-97-0599

15 IN MATTER OF THE APPLICATION OF )  
16 CITIZENS WATER SERVICES COMPANY OF )  
17 ARIZONA FOR (1) A CERTIFICATE OF )  
18 CONVENIENCE AND NECESSITY TO )  
19 PROVIDE POTABLE WATER AND )  
20 WASTEWATER SERVICES TO THE )  
21 VILLAGES AT DESERT HILLS, (2) )  
22 APPROVAL OF THE AGREEMENT FOR THE )  
23 VILLAGES AT DESERT HILLS )  
24 WATER/WASTEWATER INFRASTRUCTURE, )  
25 INCLUDING THE INITIAL RATES SET )  
26 FORTH IN EXHIBIT D THERETO, AND (3) )  
27 APPROVAL OF THE WATER/WASTEWATER )  
28 PURCHASE AGREEMENT. )

DOCKET NO. SW-03454A-97-0599

IN THE MATTER OF THE APPLICATION OF )  
CITIZENS WATER RESOURCES COMPANY )  
OF ARIZONA FOR (1) A CERTIFICATE OF )  
CONVENIENCE AND NECESSITY TO )  
PROVIDE POTABLE WATER AND )  
WASTEWATER TREATMENT AND )  
DISPOSAL SERVICES TO CITIZENS WATER )  
SERVICES COMPANY OF ARIZONA AND )  
NONPOTABLE WATER DISTRIBUTION )  
SERVICES TO CITIZENS WATER SERVICES )  
COMPANY OF ARIZONA AND OTHERS, (2) )  
APPROVAL OF THE AGREEMENT OF THE )  
VILLAGES AT DESERT HILLS )  
WATER/WASTEWATER INFRASTRUCTURE, )  
INCLUDING THE INITIAL RATES SET )  
FORTH IN EXHIBIT D THERETO, AND (3) )  
APPROVAL OF THE WATER/WASTEWATER )  
PURCHASE AGREEMENT. )

DOCKET NO. SW-03455A-97-0599

DECISION NO. 60975

Arizona Corporation Commission

**DOCKETED**

**JUN 19 1998**

DOCKETED BY	<i>Jml</i>
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OPINION AND ORDER

1 DATE OF HEARING: May 21, 1998  
2 PLACE OF HEARING: Phoenix, Arizona  
3 PRESIDING OFFICER: Lyn Farmer  
4 APPEARANCES: Mr. Craig A. Marks, General Counsel, on behalf of Citizens  
5 Utilities Company;  
6 Ms. Teena Ingram Wolfe, Staff Attorney, on behalf of the  
7 Residential Utility Consumer Office; and  
8 Ms. Janice Alward, Staff Attorney, Legal Division, on behalf of  
the Utilities Division of the Arizona Corporation Commission.

9 **BY THE COMMISSION:**

10 On October 29, 1997, Citizens Utilities Company ("Citizens"), Citizens Water Services Company  
11 of Arizona ("DistCo") and Citizens Water Resources Company of Arizona ("TreatCo") (collectively  
12 "Applicants") filed with the Arizona Corporation Commission ("Commission") a Joint Application for  
13 Certificates of Convenience and Necessity ("CC&N" or "Certificate") to provide potable water,  
14 wastewater public utility services, wastewater treatment and disposal services, and non-potable water  
15 distribution services in a planned community development known as the Villages at Desert Hills in  
16 Maricopa County, Arizona.

17 On February 3, 1998, the Residential Utility Consumer Office ("RUCO") filed an Application  
18 to Intervene, which was granted by Procedural Order issued on February 13, 1998.

19 On April 16, 1998, the Commission' Utilities Division ("Staff") filed its Staff Report and on April  
20 17, 1998, the Staff filed its Amendment to the Staff Report.

21 On April 22, 1998, the Commission issued a Procedural Order setting the hearing. On May 21,  
22 1998, a full public hearing was held before a duly authorized Hearing Officer of the Commission at its  
23 offices in Phoenix, Arizona. Applicant, RUCO, and Staff appeared with counsel and presented evidence.  
24 At the conclusion of the hearing, the matter was taken under advisement pending submission of a  
25 Recommended Opinion and Order to the Commission.

26 **DISCUSSION**

27 Citizens is a Delaware corporation and is a diversified public utility, which, through its operating  
28 divisions or subsidiaries, provides communications, electric, gas, water, and wastewater service to

1 approximately 1.8 million customers in 20 states, including Arizona. Under authority granted by the  
2 Commission, it provides water and wastewater utility services to the public in portions of Maricopa  
3 County, and water utility services to a portion of Mohave County, Arizona.

4 In addition to the request for Certificates, Applicants sought approval of: (1) the Agreement for  
5 the Villages at Desert Hills Water/Wastewater Infrastructure ("Agreement") between DistCo, TreatCo,  
6 Del Webb Corporation ("Del Webb") and the Villages at Desert Hills, Inc. ("Developer"), including the  
7 proposed initial rates; (2) the Water/Wastewater Purchase Agreement ("Purchase Agreement") between  
8 DistCo and TreatCo; and (3) the formation of DistCo and TreatCo as wholly-owned subsidiaries of  
9 Citizens and issuance of such additional approvals as may be required under A.C.C. R14-2-804(B).

10 DistCo is a newly-formed Arizona corporation and wholly-owned subsidiary of Citizens. DistCo  
11 will provide water and wastewater utility services (potable water distribution and wastewater collection  
12 services) to the public. TreatCo is also a newly-formed Arizona corporation and wholly-owned  
13 subsidiary of Citizens and will provide potable water and wastewater treatment services (including  
14 effluent disposal, sale, and reuse) and non-potable water distribution services to DistCo and others in  
15 Arizona. The Developer is an Arizona corporation and wholly-owned subsidiary of Del Webb. It  
16 proposes to develop a new planned community to be known as the Villages at Desert Hills (the  
17 "Project").

18 The Project will be developed on 5,661 acres north of Phoenix, adjacent to Interstate 17,  
19 approximately twenty miles from downtown Phoenix. As currently planned, the Project will consist of  
20 a mix of residential housing units, multi-family units, commercial establishments, schools and other users  
21 totaling up to 14,500 equivalent residential units ("ERUs"). Approximately 4,756 acres of the Project  
22 is located east of Interstate 17 in unincorporated Maricopa County, and the remaining 905 acres are  
23 located within the municipal boundaries of the City of Phoenix. The legal description of the Project is  
24 attached as Attachment 1.

25 Del Webb, a Delaware corporation, has obtained a 100-year water lease that grants certain water  
26 rights from the Ak-Chin Indian Community and the United States of America ("Ak-Chin Water") that  
27 will serve as the source of water for the Project. The lease agreement provides a total of 10,000 acre feet  
28

1 per year of Colorado River water through the Central Arizona Project (CAP) via the Waddell Canal<sup>1</sup>.  
2 Under the terms of the agreement between Del Webb and TreatCo, up to 7,500 feet of Ak-Chin water has  
3 been sold by Del Webb to TreatCo at cost. This amount is sufficient to serve the Project at full build out,  
4 with necessary reserve capacity. As a proposed new community, the Project has no existing water and  
5 wastewater infrastructure, and therefore is not being served by, nor is it in the certificated service area  
6 of any other water or wastewater public service corporation.

7 On April 16, 1998, Staff filed its Staff Report and on April 17, 1998, the Staff filed its  
8 Amendment to the Staff Report. Citizens agrees with all of Staff's current recommendations that were  
9 presented by Staff at the May 21, 1998, hearing. Staff, RUCO and the Company agree on the initial  
10 monthly service rate for water and wastewater service to be charged residential customers with a 5/8"  
11 x 3/4" meter. The parties agree that the monthly charge for such a residential customer should be \$16.00  
12 for water service and \$16.00 for wastewater service. In addition to the monthly charge, the initial rates  
13 would include usage charges of \$2.00 per thousand gallons of water usage for water service and treatment  
14 charges of \$2.00 per thousand gallons of water usage for the first 7,000 gallons for wastewater service.  
15 The estimated combined water and wastewater monthly charge for the average residential customer with  
16 a 5/8" x 3/4" meter would be \$70.00. Additionally, builders will pay to TreatCo capacity reservation  
17 charges ("CRC") of \$1,530 per ERU. The parties also agreed that the first rate case following the  
18 establishment of initial rates for DistCo and TreatCo will use a test year of 2003 or the first year that  
19 DistCo has 3,500 customers, whichever is earlier.

20 \* \* \* \* \*

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

23 **FINDINGS OF FACT**

24 1. Citizens is an Arizona corporation which intends to provide public water/wastewater  
25 utility service through two wholly-owned subsidiaries, to the Villages at Desert Hills in Maricopa  
26

27 <sup>1</sup> Although the water is delivered through CAP facilities, it is not CAP water, but water  
28 which is granted by federal statute to Ak-Chin Indian Community and it has a higher priority than  
CAP water.

1 County, Arizona, described in Attachment 1, which is attached hereto and incorporated herein by  
2 reference.

3 2. On October 29, 1997, Applicants filed with the Commission an application for CC&Ns  
4 to provide water/wastewater utility service in the area described in Attachment 1, and for approval of the  
5 formation of Citizens Water Resources Company of Arizona (TreatCo) and Citizens Water Services  
6 Company of Arizona (DistCo).

7 3. DistCo will provide water and wastewater utility services (potable water distribution and  
8 wastewater collection services) to the public and TreatCo will provide potable water and wastewater  
9 treatment services (including effluent disposal, sale, and reuse) and non-potable water distribution  
10 services to DistCo and others in Arizona.

11 4. The Villages at Desert Hills Project will consist of a mix of residential housing units,  
12 multi-family units, commercial establishments, schools and other users totaling up to 14,500 equivalent  
13 residential units.

14 5. Del Webb has obtained a 100-year water lease that grants certain water rights from the  
15 Ak-Chin Indian Community and the United States of America that will serve as the source of water for  
16 the Project. The lease agreement provides Del Webb a total of 10,000 acre feet per year of Colorado  
17 River water through the Central Arizona Project via the Waddell Canal. Under the terms of the  
18 agreement between Del Webb and TreatCo, up to 7,500 feet of Ak-Chin water has been sold by Del  
19 Webb to TreatCo at cost. This amount is sufficient to serve the Project at full build out, with necessary  
20 reserve capacity.

21 6. On April 16, 1998, Staff filed its Staff Report, which recommended conditional approval  
22 of the application and included a number of other recommendations. On April 17, 1998, Staff filed an  
23 Amendment to its Staff Report.<sup>2</sup>

24 7. On April 22, 1998, the Commission issued a Procedural Order setting the hearing for May  
25 21, 1998.

26 8. The hearing was held as scheduled and Applicant, Staff, and RUCO presented evidence.

27 \_\_\_\_\_  
28 <sup>2</sup> The Amended Staff Report included initial rates and charges for wastewater service  
for customers of DistCo and the Annual Fee for Industrial Discharge Service.

1           9.       Citizens has applied for an Approval to Construct the backbone plant from the Maricopa  
2 County Environmental Services Department ("MCESD").

3           10.       The Developer has applied for a Certificate of Assured Water Supply for Phase I of the  
4 Project from the Arizona Department of Water Resources ("ADWR").

5           11.       Applicants have not obtained the required county and city consent, permit or franchise for  
6 the proposed certificated area.

7           12.       There are no public service corporations or municipally owned water/wastewater systems  
8 authorized to provide or providing service in the proposed certificated area.

9           13.       At the hearing, Staff recommended that:

10           (a)       the Commission condition approval of the CC&N application of TreatCo  
11 on TreatCo's filing with the Commission within 365 days from the  
12 effective date of the Commission's Decision, copies of the developer's  
Certificate of Assured Water Supply, for Phase I of the Project and  
TreatCo's Approval to Construct the backbone plant;

13           (b)       the Commission condition approval of the CC&N applications of TreatCo  
14 and DistCo on TreatCo and DistCo filing a copy of their respective  
15 consents, permits, or franchises from the appropriate city or county with  
the Commission within 365 days of the effective date of this Decision;

16           (c)       the Commission order TreatCo and DistCo to file tariffs consistent with  
17 the parties' agreed upon rates and charges, with the Commission for  
approval, within 30 days of the effective date of this Decision;

18           (d)       the Commission approve the formation of TreatCo and DistCo;

19           (e)       the Commission approve the agreed upon initial rates and charges for  
TreatCo and DistCo;

20           (f)       the Commission deny approval of the Water/Wastewater Purchase  
21 Agreement and the deferred depreciation treatment;

22           (g)       the Commission disapprove the amortization of 50 percent of Advances  
23 in Aid of Construction beginning in year one as proposed by DistCo, at  
the time depreciation on the plant commences rather than the traditional  
24 method of amortization after the Advance has expired and formally  
converts to a Contribution in Aid of Construction;

25           (h)       the Commission deny approval of a cap on the rate of return earned by  
TreatCo and DistCo during the initial rate period;

26           (i)       the Commission deny a rate of return differential between DistCo and  
27 TreatCo of 350 basis points;

28           (j)       the Commission not consider any determination regarding the requested  
approval of the Infrastructure Agreement;

- (k) a provision be included in the Company's tariffs to allow for the flow-through of appropriate state and local taxes as provided in A.A.C. Rule R14-2-409(D); and
- (l) the Commission order Applicant to file a rate application utilizing a Test Year of 2003, or a Test Year at the point in time such that 3,500 ERUs are being served, whichever comes first.

14. At the hearing, Applicants and RUCO agreed with Staff's recommendations.
15. The rates as agreed to by all parties are as follows:

**CITIZENS WATER SERVICES COMPANY OF ARIZONA**

**General Water Service**

<u>Minimum Monthly Charge</u>	<u>Meter Size</u>	<u>Rate</u>
	5/8" x 3/4"	\$ 16.00
	3/4"	16.00
	1"	32.00
	1.5"	64.00
	2"	80.00
	3"	160.00
	4"	200.00
	6"	250.00

**Usage Charge**

In addition to the minimum monthly charge above, the following usage charge will be made:

All meter sizes	All Usage	\$2.00 per 1,000 gallons
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**Private Fire Protection**

**Minimum Monthly Charge per Connection**

<u>Line Size</u>	<u>Rate</u>
3"	\$ 70.00
4"	90.00
6"	135.00
8"	180.00
10"	360.00

**Service and Meter Installation Charges**

1. **Service Installations:**

<u>Service Size</u>	<u>Rate</u>
3/4"	\$255.00
1"	275.00
1.5"	290.00
2"	315.00

Over 2" - charges are to be equal to actual total cost of installation.

2. Meter Installations:

<u>Meter Size</u>	<u>Rate</u>
5/8" x 3/4"	\$ 65.00
3/4"	105.00
1"	145.00
1.5"	345.00
2"	775.00

Over 2" - charges are to be equal to actual total cost of installation.

**General Sanitary Sewer Service**

**Monthly Charges**

Rate

Residential

Minimum monthly charge per dwelling unit per month \$16.00

Usage Charge:

For up to the first 7 thousand gallons of water usage per unit per month \$2.00 per 1,000 gallons

Small Commercial Users

Available to commercial establishments with meter 1" or smaller which are not Large Commercial Users

Minimum Monthly charge per commercial unit per month for meters up to 1" in size

Meter Size

5/8" x 3/4"	\$16.00
3/4"	24.00
1"	32.00

Usage Charge:

For 5/8" x 3/4" meters for up to the first 10 thousand gallons of water usage per unit per month; for 3/4" meters up to the first 15 thousand gallons of water usage per unit per month; for 1" meters for up to the first 25 thousand gallons of water usage per unit per month.

\$2.00 per 1,000 gallons

Large Commercial Users

Applicable to large commercial and institutional customers such as educational institutions, nursing homes, hospitals, laundromats, motels, car washes and other high volume water users which meter water used for outdoor irrigation separately from other usage.

Monthly charge per meter \$64.00

Usage charge for all water used \$2.00 per 1,000 gallons

**Annual Fee for Industrial Discharge Service**

For those customers consuming an amount of water less than or equal to 50,000 gallons per month through one or more water meters to the same facility, inclusive of meters used for irrigation;

\$500.00 per year

For those customers consuming more than 50,000 gallons per month of water through one or more water meters to the same facility, inclusive of meters used for irrigation;

\$1,000.00 per year

**Service Charges**

Establishment/Re-establishment/Reconnection	\$60.00
Establishment/Re-establishment/Reconnection (non-business hours)	90.00
NSF Check	20.00
Meter Re-Read (If Correct)	10.00
Meter Test (If Correct)	30.00
Late Payment	1.50%

**CITIZENS WATER RESOURCES COMPANY OF ARIZONA****General Nonpotable Water Service**

All Consumption	\$0.62 per 1,000 gallons
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**Construction Nonpotable Water Service**

All Consumption	\$0.62 per 1,000 gallons
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**Capacity Reservation Charges**

Fee per Equivalent Residential Unit	<u>Water</u> \$765.00	<u>Sewer</u> \$765.00
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**Service and Meter Installation Charges**

## 1. Service Installations:

<u>Service Size</u>	<u>Rate</u>
1.5"	\$290.00
2"	315.00

Over 2" - charges are to be equal to actual total cost of installation

## 2. Meter Installations:

<u>Meter Size</u>	<u>Rate</u>
1.5"	\$345.00
2"	775.00

Over 2" - charges are to be equal to actual total cost of installation.

Service Charges

Establishment/Re-establishment/Reconnection	\$ 60.00
Establishment/Re-establishment/Reconnection (non-business hours)	90.00
NSF Check	20.00
Meter Re-Read (If Correct)	10.00
Meter Test (If Correct)	30.00
Late Payment	1.50%

Contract (Non-Tariff) Rate for Delivery of Potable Water to, and Treatment of Wastewater Received from, Citizens Water Services Company of Arizona

All Potable Water delivered	\$4.64 per 1,000 gallons
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- 16. Staff recommendations, as set forth in Findings of Fact No. 13 are reasonable.
- 17. The rates as agreed to by all parties, are reasonable.

CONCLUSIONS OF LAW

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

2. The Commission has jurisdiction over Applicants and of the subject matter of the application.

3. Notice of the hearing was given in accordance with the law.

4. DistCo is a fit and proper entity to receive a Certificate authorizing it to construct, operate and maintain facilities to furnish water/wastewater service to the public in the area described in Attachment 1.

5. TreatCo is a fit and proper entity to receive a Certificate authorizing it to provide potable water and wastewater treatment and disposal services to DistCo and non-potable water distribution services to the public in the area described in Attachment 1.

6. The public convenience and necessity require the issuance of Certificates to Applicants authorizing the provision of water/wastewater services to the public in the area sought to be certificated herein.

7. Staff recommendations, as set forth in Findings of Fact No. 13 should be adopted.

8. The formation of Citizens Water Resources Company of Arizona and Citizens Water Services Company of Arizona should be approved.

**ORDER**

IT IS THEREFORE ORDERED that the application of Citizens Water Services Company of Arizona for a Certificate of Convenience and Necessity authorizing it to construct, operate and maintain facilities in the area described in Attachment 1 attached hereto and incorporated herein, be, and hereby is, granted, conditioned on Citizens Water Services Company of Arizona filing with the Arizona Corporation Commission, within 365 days from the effective date of this Decision: copies of the developer's Certificate of Assured Water Supply for Phase I of the Project; the Maricopa County Environmental Services Department's Approval to Construct the system; and copies of the consents, permits, or franchises from the appropriate city and/or county.

IT IS FURTHER ORDERED that the application of Citizens Water Resources Company of Arizona for a Certificate of Convenience and Necessity authorizing it to provide potable water and wastewater treatment and disposal services to DistCo and non-potable water distribution services to the public in the area described in Attachment 1 be, and hereby is, granted, conditioned upon Citizens Water Resources Company of Arizona filing with the Arizona Corporation Commission, within 365 days from the effective date of this Decision: copies of the developer's Certificate of Assured Water Supply for Phase I of the Project; the Maricopa County Environmental Services Department's Approval to Construct the system; and copies of the consents, permits, or franchises from the appropriate city and/or county.

IT IS FURTHER ORDERED that on or before June 30, 1998, Citizens Water Services Company of Arizona shall file a tariff containing the following rates and charges for water/wastewater service:

**CITIZENS WATER SERVICES COMPANY OF ARIZONA****General Water Service**

<u>Minimum Monthly Charge</u>	<u>Meter Size</u>	<u>Rate</u>
	5/8" x 3/4"	\$ 16.00
	3/4"	16.00
	1"	32.00
	1.5"	64.00
	2"	80.00
	3"	160.00
	4"	200.00
	6"	250.00
Usage Charge		

In addition to the minimum monthly charge above, the following usage charge will be made:  
 All meter sizes                      All Usage                      \$2.00 per 1,000 gallons

**Private Fire Protection**

Minimum Monthly Charge per Connection

<u>Line Size</u>	<u>Rate</u>
3"	\$ 70.00
4"	90.00
6"	135.00
8"	180.00
10"	360.00

**Service and Meter Installation Charges**

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

1. Service Installations:

<u>Service Size</u>	<u>Rate</u>
3/4"	\$255.00
1"	275.00
1.5"	290.00
2"	315.00

Over 2" - charges are to be equal to actual total cost of installation.

2. Meter Installations:

<u>Meter Size</u>	<u>Rate</u>
5/8" x 3/4"	\$ 65.00
3/4"	105.00
1"	145.00
1.5"	345.00
2"	775.00

Over 2" - charges are to be equal to actual total cost of installation.

**General Sanitary Sewer Service**

Monthly Charges

Rate

Residential

Minimum monthly charge per dwelling unit per month \$16.00

Usage Charge:

For up to the first 7 thousand gallons of water usage per unit per month \$2.00 per 1,000 gallons

Small Commercial Users

Available to commercial establishments with meter 1" or smaller which are not Large Commercial Users

Minimum Monthly charge per commercial unit per month for meters up to 1" in size

<u>Meter Size</u>	<u>Rate</u>
5/8" x 3/4"	\$16.00
3/4"	24.00
1"	32.00

Usage Charge:

For 5/8" x 3/4" meters for up to the first 10 thousand gallons of water usage per unit per month; for 3/4" meters up to the first 15 thousand gallons of water usage per unit per month; for 1" meters for up to the first 25 thousand gallons of water usage per unit per month.

\$2.00 per  
1,000 gallons

Large Commercial Users

Applicable to large commercial and institutional customers such as educational institutions, nursing homes, hospitals, laundromats, motels, car washes and other high volume water users which meter water used for outdoor irrigation separately from other usage.

Monthly charge per meter \$64.00

Usage charge for all water used \$2.00 per  
1,000 gallons

Annual Fee for Industrial Discharge Service

For those customers consuming an amount of water less than or equal to 50,000 gallons per month through one or more water meters to the same facility, inclusive of meters used for irrigation;

\$500.00 per year

For those customers consuming more than 50,000 gallons per month of water through one or more water meters to the same facility, inclusive of meters used for irrigation;

\$1,000.00 per year

Service Charges

Establishment/Re-establishment/Reconnection	\$60.00
Establishment/Re-establishment/Reconnection (non-business hours)	90.00
NSF Check	20.00
Meter Re-Read (If Correct)	10.00
Meter Test (If Correct)	30.00
Late Payment (Per Month)	1.50%

CITIZENS WATER RESOURCES COMPANY OF ARIZONA

General Nonpotable Water Service

All Consumption \$0.62 per  
1,000 gallons

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...  
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Construction Nonpotable Water Service

All Consumption	\$0.62 per 1,000 gallons
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Capacity Reservation Charges

	<u>Water</u>	<u>Sewer</u>
Fee per Equivalent Residential Unit	\$765.00	\$765.00

Service and Meter Installation Charges

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

## 1. Service Installations:

<u>Service Size</u>	<u>Rate</u>
1.5"	\$290.00
2"	315.00

Over 2" - charges are to be equal to actual total cost of installation

## 2. Meter Installations:

<u>Meter Size</u>	<u>Rate</u>
1.5"	\$345.00
2"	775.00

Over 2" - charges are to be equal to actual total cost of installation.

Service Charges

Establishment/Re-establishment/Reconnection	\$ 60.00
Establishment/Re-establishment/Reconnection (non-business hours)	90.00
NSF Check	20.00
Meter Re-Read (If Correct)	10.00
Meter Test (If Correct)	30.00
Late Payment (Per Month)	1.50%

Contract (Non-Tariff) Rate for Delivery of Potable Water to, and Treatment of Wastewater Received from, Citizens Water Services Company of Arizona

All Potable Water delivered	\$4.64 per 1,000 gallons
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IT IS FURTHER ORDERED that the rates and charges authorized herein shall be effective for all service rendered on or after July 1, 1998 until otherwise ordered by the Arizona Corporation Commission.

IT IS FURTHER ORDERED that Citizens Water Services Company of Arizona and Citizens Water Resources Company of Arizona shall file schedules with their tariff for the collection of the proportionate share of any privilege, sales or use tax, in accordance with A.A.C. R14-2-409(D).

IT IS FURTHER ORDERED that Citizens Water Services Company of Arizona shall notify the

1 Arizona Corporation Commission within fifteen (15) days after it begins serving its first customer.

2 IT IS FURTHER ORDERED that the formation of Citizens Water Resources Company of  
3 Arizona and Citizens Water Services Company of Arizona is hereby approved.

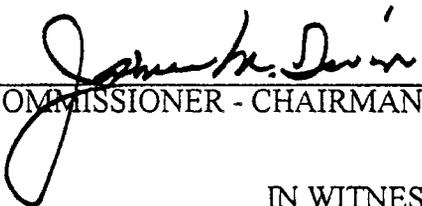
4 IT IS FURTHER ORDERED that the Staff recommendations contained in Findings of Fact No.  
5 13 (f), (g), (h), (i), and (j) , as agreed to by Citizens Utilities Company, are adopted and Citizens Utilities  
6 Company shall implement the appropriate treatment on its books and records.

7 IT IS FURTHER ORDERED that in the event Citizens Water Services Company of Arizona or  
8 Citizens Water Resources Company of Arizona does not timely file the documents required by the  
9 preceding ordering paragraphs, its respective application for a Certificate of Convenience and Necessity  
10 shall be deemed denied, without further Order by the Arizona Corporation Commission.

11 IT IS FURTHER ORDERED that Citizens Water Services Company of Arizona shall by June  
12 30, 2004, file a rate application using a Test Year of 2003, or within six months of the time when 3,500  
13 ERUs are being served, using the appropriate Test Year, whichever comes first.

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

15 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

16    
17 \_\_\_\_\_  
18 COMMISSIONER - CHAIRMAN COMMISSIONER COMMISSIONER

19 IN WITNESS WHEREOF, I, JACK ROSE, Executive Secretary of the Arizona  
20 Corporation Commission, have hereunto set my hand and caused the official seal  
21 of the Commission to be affixed at the Capitol, in the City of Phoenix, this  
22 19 day of June, 1998.

23   
24 for JACK ROSE  
25 EXECUTIVE SECRETARY

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28  
DISSENT \_\_\_\_\_  
LAF:dap

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SERVICE LIST FOR:

CITIZENS UTILITIES COMPANY

DOCKET NOS.:

W-01032A-97-0599, SW-03454A-97-0599 and SW-03455A-97-0599

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BEGINNING at the South quarter corner of said Section 15;

Thence North 89 degrees 50 minutes 02 seconds West along the Southerly line of said Section 15 a distance of 147.76 feet to the TRUE POINT OF BEGINNING;

Thence North 5 degrees 26 minutes 37 seconds West to a point on the Northerly line of said Southwest quarter of Section 15;

Northeast quarter of Section 16;

The East ½ of Section 22,

EXCEPT that part of said East ½ of Section 22 lying Westerly of a line described as follows:

BEGINNING at the North quarter corner of said Section 22;

Thence along the Northerly line of Said Section 22, South 89 degrees 55 minutes 38 seconds East a distance of 461.05 feet to a point on the Easterly line of that parcel known as Arizona Department of Transportation Public Rest Area Right of Way #16-77855 Tract 2, said point being the TRUE POINT OF BEGINNING;

thence along said Easterly line of Tract 2, South 5 degree 21 minutes 40 seconds East a distance of 829.76 feet;

thence continuing along said Easterly line of Tract 2, South 12 degrees 19 minutes 44 seconds West a distance of 1,994.31 feet to a point on the Easterly right of way line of the Arizona Department of Transportation Highway designated Interstate 17;

thence along said Easterly line of Interstate 17, South 5 degrees 26 minutes 37 seconds East a distance of 348.28 feet;

thence continuing along said Easterly line of Interstate 17, along a tangent curve concave to the West with a radius of 7,013.72 feet a distance of 1,906.31 feet through a central angle of 13 degrees 55 minutes 30 seconds;

thence continuing along said Easterly line of Interstate 17, South 8 degrees 33 minutes 50 seconds West to a point on the Southerly line of said Section 22;

All of Section 23;

All of Section 24;

All of Section 27,

EXCEPT that part of said Section 27 lying Westerly of the Easterly right of way line of the Arizona Department of Transportation Highway designated Interstate 17, said Easterly right of way line being a line described as follows:

BEGINNING the South quarter corner of said Section 27;

Thence North 89 degrees 49 minutes 29 seconds West along the Southerly line of said Section 27 a distance of 9.04 feet to the TRUE POINT OF BEGINNING;

Thence along a non tangent curve concave to the East with tangent bearing North 11 degrees 35 minutes 40 seconds west and a radius of 11,253.16 feet a distance of 3,959.89 feet through a central angle of 20 degrees 9 minutes 30 seconds;

thence continuing North 8 degrees 33 minutes 50 seconds East to a point on the Northerly line of said Section 27;

Township 6 North, Range 3 East of the Gila and Salt River Base and Meridian,  
Maricopa County, Arizona

All of Section 18;

EXCEPT the Northeast quarter of the Northeast quarter of said Section 18;

All of Section 19.

DECISION NO. 60975

**ATTACHMENT "1"**

**LEGAL DESCRIPTION OF THE PROJECT**

Legal Description  
of the Certificate of Convenience and Necessity  
for The Villages at Desert Hills

Township 6 North, Range 2 East of the Gila and Salt River Base and Meridian,  
Maricopa County, Arizona

All of Section 9;

All of Section 13;

All of Section 14;

All of Section 15,

EXCEPT that portion known as Arizona Department of Transportation  
Public Rest Area Right of Way #16-77854 Tract 2, described as follows:

BEGINNING at the South quarter corner of said Section 15;

thence along the South line thereof, North 89 degrees 50 minutes  
02 seconds West, 147.76 feet to the existing Easterly right of way  
line of Arizona Department of Transportation Highway designated  
Interstate 17;

thence along said existing Easterly right of way line, North 5  
degrees 26 minutes 37 seconds West a distance of 3,111.85 feet;

thence South 22 degrees 13 minutes 05 seconds East a distance  
of 2,089.79 feet;

thence South 5 degrees 21 minutes 40 seconds East a distance of  
1,170.24 feet to the South line of said Section 15;

thence along said South line, North 89 degrees 55 minutes 38  
seconds West a distance of 461.05 feet to the POINT OF  
BEGINNING;

Also EXCEPT that part of the Southwest quarter of said Section 15 lying  
Westerly of the Easterly right of way line of the Arizona Department of  
Transportation Highway designated Interstate 17, said Easterly right of  
way line being a line described as follows:

DECISION NO. 60975