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BEFORE THE ARIZONA CORPORATION CC

Arizona Corporation Commission

DOCKETED

SEP -1 2010

COMMISSIONERS

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

DOCKETED BY ne

IN THE MATTER OF THE APPLICATION
OF BELLEMONT WATER COMPANY,
INC. FOR APPROVAL TO INCUR
\$1,750,000 IN LONG-TERM DEBT FROM
THE WATER INFRASTRUCTURE
FINANCE AUTHORITY OF ARIZONA.

DOCKET NO. W-02526A-09-0253

IN THE MATTER OF THE APPLICATION
OF BELLEMONT WATER COMPANY,
INC. FOR APPROVAL OF A RATE
INCREASE.

DOCKET NO. W-02526A-09-0421

DECISION NO. 71868

ORDER

Open Meeting
August 24 and 25, 2010
Phoenix, Arizona

BY THE COMMISSION:

On May 20, 2009, Bellemont Water Company, Inc. ("Company" or "Applicant") filed with the Arizona Corporation Commission ("Commission") an application seeking authorization to incur \$1,750,000 in long-term debt from the Water Infrastructure Finance Authority ("WIFA") of Arizona in Docket No. W-02526A-09-0253.

On September 3, 2009, the Company filed with the Commission an application seeking Commission approval of a permanent rate increase in Docket No. W-02526A-09-0421.

On September 30, 2009, pursuant to A.A.C. R14-2-103, the Commission's Utilities Division ("Staff") issued a Letter of Insufficiency.

On October 15, 2009, Staff filed a Motion to Consolidate the above-referenced dockets. Staff believed that consolidation of these dockets would provide a more efficient use of Commission resources.

On October 19, 2009, by Procedural Order, these dockets were consolidated.

On November 23, 2009, pursuant to A.A.C. R14-2-103, Staff issued a Letter of Sufficiency

1 which found the Company to be a Class D utility and indicated that Staff would issue the Staff Report
2 by February 8, 2010.

3 On February 8, 2010, Staff filed a Motion for an Extension of Time ("Motion"), until
4 February 12, 2010, to file its Staff Report.

5 On February 10, 2010, by Procedural Order, Staff's Motion was granted, and Staff filed its
6 Staff Report recommending that Staff's proposed rates and charges be approved. Further, Staff
7 recommended that the financing application be denied. There were no objections filed to the Staff
8 Report.

9 On February 25, 2010, Staff filed a supplement to the Staff Report.

10 * * * * *

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

13 **FINDINGS OF FACT**

14 1. Pursuant to authority granted by the Commission, Applicant is an Arizona Corporation
15 engaged in the business of providing water service to eight metered commercial customers and no
16 metered residential customers approximately 10 miles west of Flagstaff in Coconino County,
17 Arizona.

18 2. Applicant's last permanent rates for water service were approved in Decision No.
19 70482 (September 3, 2008), which also included the establishment of a water hauling surcharge.

20 3. On May 20, 2009, the Company filed an application seeking Commission
21 authorization to incur \$1.75 million in long-term debt from WIFA to drill a deep well in an attempt to
22 locate a more reliable source of water.

23 4. On September 3, 2009, the Company filed an application requesting authority to
24 increase its rates and charges for water service.

25 5. On May 20, September 18, October 19 and December 3, 2009, Applicant filed
26 certification that it had provided notice by first class U.S. mail, and by posting notice at its standpipe
27 to its customers of its application(s) for financing approval and rate adjustment, and in response
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1 thereto, six protests from metered customers have been received by the Commission and attached to
2 the Staff Report as Attachment B. The rate notice informed customers that approved rates could be
3 higher than those proposed by the Company.

4 6. On November 23, 2009, Staff filed notice that the Company's rate application had met
5 the Commission's sufficiency requirements pursuant to A.A.C. R14-2-103.

6 7. During the Test year ended December 31, 2008 ("TY"), Applicant provided service to
7 eight metered commercial customers, four of whom were served by 3/4-inch meters. The Staff
8 Report indicates that average water usage by 3/4-inch users during the TY varied from 818 gallons
9 per month up to 3,524 gallons per month. There were two 1-inch users whose average usage varied
10 from 7,376 gallons per month to 224,951 gallons per month. There was one 2-inch customer whose
11 average usage was 125,800 gallons per month and one 4-inch customer whose average usage was
12 196,425 gallons per month.

13 8. On February 10, 2010, after conducting an investigation of Applicant's proposed rates
14 and charges for water service and the Company's proposed financing, Staff filed its report
15 recommending that Staff's proposed rates and charges be approved. Staff also recommended that the
16 Company's service line and meter installation charges and other service charges remain unchanged
17 except that service lines and meters have separate installation charges. Staff further recommended
18 the denial of Applicant's financing application. On February 25, 2010, Staff filed a supplement to the
19 Staff Report which recommends a modification of the Company's water hauling surcharge which is
20 to be implemented when the demand for water exceeds water production from the Company's only
21 producing well and recommends the continuation of the conditions set forth in Decision No. 70482
22 which limits standpipe water sales in the event of a water shortage.¹

23 9. The water rates and charges for Applicant at present, as proposed in the application,
24 and as recommended by Staff are as follows:

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26
27 ¹ According to the Staff Report in the proceeding which resulted in Decision No. 70482, the Company had depleted its
28 water sources over time and was relying on its one remaining well that produced only 10 gallons of water per minute. Recent drilling efforts had failed and the Company was attempting to secure an interconnection with a U.S. Army depot, Camp Navajo, located to the south of the Company's service area. This attempted solution was also unsuccessful.

MONTHLY CUSTOMER CHARGE:	Present	- Proposed Rates -	
	Rates	Company	Staff
5/8" x 3/4" Meter	\$ 27.00	\$ 27.00	\$ 16.00
3/4" Meter	45.00	40.00	24.00
1" Meter	75.00	75.00	40.00
1 1/2" Meter	120.00	120.00	80.00
2" Meter	160.00	160.00	128.00
3" Meter	330.00	330.00	256.00
4" Meter	500.00	500.00	400.00
6" Meter	700.00	700.00	800.00
Gallons included in monthly customer charge for all meter sizes:	-0-	-0-	-0-

Existing Water Hauling Surcharge:² N/A N/A Cost (1)

(1) Decision No. 70482 approved a per gallon rate calculated by dividing actual hauling costs less curtailment penalty fees collected by the total gallons sold for the month. Customer bill amount will be calculated by multiplying the gallons used for the month times the per gallon rate. Customers will be billed in the month following actual costs incurred.

Staff Recommended Water Hauling Surcharge:

The water hauling surcharge will be calculated by dividing the total water hauling costs incurred in a given month by the amount of water sold that month. The resulting rate per 1,000 gallons will be multiplied by the gallons used in the month the water hauling costs were incurred for each customer to arrive at the surcharge per 1,000 gallons. The resulting water hauling surcharge will appear as a charge in the next month as a separate line item on the customer's bill.

COMMODITY CHARGE:	Present	- Proposed Rates -	
	Rates	Company	Staff
Residential			
0 to 4,000 gallons (per 1,000 gallons)	\$ 45.00	\$ 45.00	\$ 15.00
4,001 to 10,000 gallons	50.00	50.00	22.50
Over 10,000 gallons	55.00	55.00	29.00
Commercial			
0 to 10,000 gallons (per 1,000 gallons)	\$ 50.00	\$ 50.00	\$ 22.50
Over 10,000 gallons	55.00	55.00	29.00
STANDPIPE SERVICE: (per 1,000 gallons)	\$ 15.00	\$ 9.00	\$ 9.00

SERVICE LINE AND METER INSTALLATION CHARGES:
(Refundable pursuant to A.A.C. R14-2-405)

	Present Rates	Company Proposed	Staff Recommended		
			Service Line	Meter	Total
5/8 x 3/4" Meter	\$ 520.00	\$ 520.00	\$ 415.00	\$ 105.00	\$ 520.00
3/4" Meter	620.00	620.00	415.00	205.00	620.00
1" Meter	730.00	730.00	465.00	265.00	730.00
1-1/2" Meter	995.00	995.00	520.00	475.00	995.00
2" Turbine Meter	1,795.00	1,795.00	800.00	995.00	1,795.00
2" Compound Meter	2,640.00	2,640.00	800.00	1,840.00	2,640.00
3" Turbine Meter	2,635.00	2,635.00	1,015.00	1,620.00	2,635.00
3" Compound Meter	3,630.00	3,630.00	1,135.00	2,495.00	3,630.00
4" Turbine Meter	4,000.00	4,000.00	1,430.00	2,570.00	4,000.00

² In the Staff Report filed in Docket No. W-02526A-08-0078 which resulted Decision No. 70842, Staff recommended approval of a water hauling surcharge because the Company did not have a reliable source of water and has had to haul water at times to avoid shortages.

1	4" Compound Meter	5,155.00	5,155.00	1,610.00	3,545.00	5,155.00
	6" Turbine Meter	7,075.00	7,075.00	2,150.00	4,925.00	7,075.00
2	6" Compound Meter	9,090.00	9,090.00	2,270.00	6,820.00	9,090.00

		Present	-Proposed Rates-	
		Rates	Company	Staff
3	<u>SERVICE CHARGES:</u>			
	Establishment	\$ 30.00	\$ 30.00	\$ 30.00
4	Establishment (After Hours)	45.00	45.00	45.00
	Reconnection (Delinquent)	30.00	30.00	30.00
5	Reconnection (Delinquent) (After Hours)	45.00	45.00	45.00
	Meter Test (If Correct)	40.00	40.00	40.00
6	Deposit	*	*	*
	Deposit Interest (Per Annum)0	*	*	*
7	Reestablishment (Within 12 Months)	**	**	**
	NSF Check	20.00	20.00	20.00
8	Deferred Payment (Per Month)	1.5%	1.5%	1.5%
	Meter Re-Read (If Correct)	20.00	20.00	20.00
9	Late Fee (Per Month)	1.5%	1.5%	1.5%
10	<u>FIRE SPRINKLERS:</u>	N/A	N/A	***

* Per Commission rule A.A.C. R-14-2-403(B).

** Number of months off system times the monthly minimum, per Commission rule A.A.C. R14-2-403(D).

*** 2.0% of monthly minimum for a comparable sized meter connection, but no less than \$10 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

10. Pursuant to the Staff Report, Applicant's fair value rate base ("FVRB") is determined to be \$72,088, which is the same as its original rate base. The Company's FVRB reflects a \$4,223 increase by Staff to Applicant's proposed FVRB due in large part to an adjustment to Applicant's working capital based on the formula method.

11. Staff decreased Applicant's TY operating expenses by \$1,295 due to Staff's recalculation of the Company's water testing expense.

12. Applicant's present water rates and charges produced adjusted operating revenues of \$109,985³ and adjusted operating expenses of \$50,385 which resulted in operating income of \$59,600 during the TY.

13. The water rates and charges Applicant proposed would produce operating revenues of \$135,480 and adjusted operating expenses of \$50,385 which will result in operating income of \$85,095 or a 118.04 percent return on FVRB, which equates to a 62.81 percent operating margin.

14. The water rates and charges proposed by Staff would produce adjusted operating

³ Staff annualized the Company's operating revenues since Decision No. 70482 became effective in the last quarter of the TY.

1 revenues of \$58,675 and adjusted operating expenses of \$50,385 resulting in net operating income of
2 \$8,290 or an 11.5 percent rate of return on FVRB, which equates to a 14.13 percent operating margin.

3 15. Applicant is proposing that its rates for its metered customers remain unchanged. The
4 Company, however, is proposing a 40 percent decrease on its standpipe rate and projects that
5 standpipe revenues will increase by \$72,000 due to an expected increase in customers that the
6 Company expects will result from a lower rate.

7 16. Staff is recommending that the existing residential and commercial rate structures
8 remain unchanged with zero gallons in the minimum, but that base rates and excess gallonage
9 charges be decreased for metered residential and commercial customers. However, Staff agrees with
10 the Company's proposal to lower standpipe rates by 40 percent.

11 17. With the Company's financing application, the Company is requesting Commission
12 approval to incur long-term debt in the amount of \$1.75 million in the form of a loan from WIFA to
13 drill a deep well in an attempt to secure a permanent and ample water source.⁴ According to the
14 Company's application, the Company believed that its water revenue would enable the Company to
15 pay this debt.

16 18. On February 10, 2010, the Staff Report was filed recommending denial of the
17 Company's request for financing approval to obtain a \$1.75 million loan from WIFA.

18 19. Staff's engineering section reviewed the proposed deep well project and stated that the
19 proposed project and its estimated costs provided by the Company projected at \$1.75 million appear
20 to be reasonable and appropriate for the project. However, Staff indicated that it was not making any
21 "used and useful determination of the proposed plant . . . and no particular future treatment should be
22 inferred for rate making or rate-base purposes."

23 20. According the Staff Report, as of the TY December 31, 2008, the Company's capital
24 structure consisted of zero percent short-term debt, zero percent long-term debt and 100 percent
25 equity.

26 21. According to Staff's analysis, the Company lacks sufficient operating cash flow to
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28 ⁴ According to the Staff Report, the proposed deep well would be approximately 2,800 feet deep and it is projected that the proposed well will produce 100 to 200 gallons of water per minute.

1 meet its proposed long-term debt obligation, and the suggested manner in which to fund the debt
2 would be by means of a surcharge.

3 22. Staff states that in the event that the Commission were to authorize the Company's
4 financing request, Staff concludes that the implementation of what can be termed an Infrastructure
5 Surcharge Mechanism ("ISM") may be utilized to provide sufficient revenue via a surcharge for a
6 1.25 debt service coverage ratio ("DSC") on the actual loan consistent with the methodology
7 indicated in the Staff Report. However, due to the magnitude of the surcharge required to provide a
8 1.25 DSC, Staff concludes that approval or denial of the proposed financing is best determined by the
9 Commission's consideration of comments submitted by metered customers who strongly oppose the
10 proposed debt as described in Attachment B to the Staff Report. Based on comments from customers
11 that they would likely leave this system and also the fact that there is no guarantee that the new well
12 will produce adequate water, Staff is recommending that the financing for the new deep well not be
13 approved.

14 23. Neither the Company's nor Staff's proposed rates will generate sufficient operating
15 cash flow to meet Applicant's proposed long-term debt for a deep well. However, an ISM could
16 provide funds for the debt service on a WIFA loan, if the Commission authorized Applicant's
17 requested financing. Since the terms of the WIFA loan will not be known until after the Company
18 closes on the loan, an appropriate method to generate revenue for debt service on the actual loan is to
19 implement a surcharge mechanism that provides revenues that correlate with the actual loan

20 24. An ISM as described in the Staff Report establishes the methodology for calculating
21 the surcharge rates by meter size needed to meet the annual principal and interest ("debt service") and
22 related obligations for the actual loan.⁵ Staff illustrated the surcharge mechanism it would
23 recommend in the event that the Commission authorizes the Company's proposed financing. The
24 surcharge mechanism provides for the Company to submit a surcharge application to Staff for its
25 review in this Docket, using the methodology Staff set forth in the Staff Report, once the Company
26 has closed on the loan.

27 _____
28 ⁵ WIFA loans require funding of a Debt Service Reserve Fund equal to 20 percent of debt service during the first 60 months of a loan and an equivalent Maintenance and Replacement Reserve thereafter. Accordingly, the DSC must equal or exceed 1.2. Staff typically recommends a minimum DSC of 1.25.

1 25. Staff analyzed the Company's *pro forma* impact of drawing down the proposed long-
2 term debt of \$1.75 million, and found that in order to have a DSC of 1.25 which indicates that the
3 Company will have adequate cash flow to meet its obligations, the Company would require \$148,012
4 in additional revenue to meet its long-term debt obligation as requested herein.

5 26. Based on Staff's calculations, the Company's four 3/4-inch customers would have a
6 \$420 a month surcharge, its two 1-inch customers would have a \$701 a month surcharge, its one 2-
7 inch customer would have a \$2,243 a month surcharge and its one 4-inch customer would have a
8 \$7,008 a month surcharge in addition to their monthly water bills.

9 27. The Staff Report indicates that the Company is providing water which meets the
10 requirements of the Safe Drinking Water Act.

11 28. Staff further indicates that the Company is in good standing with the Corporations
12 Division of the Commission and is in compliance with the Commission's rules with respect to the
13 operation of a water utility.

14 29. The company has previously had its Curtailment Tariff and its Backflow Prevention
15 Tariff approved by the Commission in 2003 and 2007, respectively.

16 30. Staff is recommending that the Commission order the following:

- 17 • that Applicant notify its customers of the approved water rates and charges and
18 their effective date by means of an insert in the monthly bill which proceeds the
19 month in which they become effective and file a copy of the notice sent to its
20 customers with the Commission's Docket Control as a compliance item in this
21 docket;
- 22 • that Applicant file, within 30 days of the effective date of this Decision, as a
23 compliance item in this docket, with the Commission's Docket Control, a copy of
24 the schedule of its approved rates and charges;
- 25 • that, based on comments from customers that they would likely leave this system
26 and also the fact that there is no guarantee that the new well will produce adequate
27 water, Staff recommends that the financing for the new deep well not be approved;
- 28 • that, in the event that the Commission authorizes the requested financing, the
Company use the steps set forth in the Staff Report to calculate the estimated
surcharges by meter size and submit an application for surcharge approval within
30 days of closing on the loan. Staff will verify, and recalculate, if appropriate, the
Company's proposed surcharge amounts and prepare a report with its
recommendations;
- that, if the requested financing is authorized, the Company be ordered to install a
proper sized wellhead meter on its new deep well. If the financing request is not
approved, then Staff recommends that the Company be ordered to reinstall a
functioning proper sized wellhead meter on its existing well;

- 1 • that the Company file, within 90 days of the effective date of this Decision, with
the Commission's Docket Control, as a compliance item in this docket, if the new
2 well is not approved, or within 15 days of the new well being in operation if the
new well is approved, documentation demonstrating that a functioning proper
3 sized wellhead meter has been installed;
- 4 • that the Company utilize the depreciation rates delineated in Table H-1 of the
Engineering Report attached to the Staff Report on a going-forward basis; and
- 5 • that Applicant, in addition to the collection of its regular rates and charges, collect
from its customers their proportionate share of any privilege, sales or use tax as
6 provided for in A.A.C. R14-2-409(D).

7 31. Because an allowance for the property tax expense of Applicant is included in the
Company's rates and will be collected from its customers, the Commission seeks assurances from the
8 Company that any taxes collected from rate payers have been remitted to the appropriate taxing
9 authority. It has come to the Commission's attention that a number of water companies have been
10 unwilling or unable to fulfill their obligation to pay the taxes that were collected from rate payers,
11 some for as many as 20 years. It is reasonable, therefore, that as a preventive measure the Company
12 shall annually file as part of its annual report, an affidavit with the Utilities Division attesting that the
13 Company is current in paying its property taxes in Arizona.

14 32. Pursuant to Decision No. 70482, Staff recommends that the Commission order
15 Bellemont's standpipe water sales be subject to the following conditions:

- 16 • that the Company shall record the water level in each of its storage tanks at least
17 twice daily;
- 18 • that the standpipe service shall be immediately discontinued if combined water in
the storage tanks is less than 60 percent of capacity for at least 72 consecutive
19 hours or less than 25 percent of capacity for at least 24 consecutive hours;
- 20 • that if the standpipe service is discontinued per the above conditions: 1) the
Company shall telephonically notify the Commission's Utilities Division
21 Consumer Services Section within 12 hours, 2) the Company shall docket with the
Commission's Docket Control, as a compliance item in this docket, such notice
22 within 72 hours, and 3) the standpipe service shall not be reinstated without further
Order of the Commission;
- 23 • that all revenue collected from the standpipe service shall be deposited in a
separate interest bearing account and such funds shall be used exclusively for the
24 design, approval and construction of a new water source; and
- 25 • that the Company shall submit to the Commission's Docket Control, as a
compliance item in this docket, each January and July the daily water logs of the
26 storage monitoring for the previous six months and a cumulative accounting of all
the standpipe service revenue indicating how much money was collected, how
27 much interest was earned, and a detailed description of any expenditures from that
account.

1 33. Under the circumstances, after our review of the application and the Staff Report, we
2 believe Staff's proposed rates are reasonable and together with their additional recommendations,
3 should be adopted. With respect to the Company's request for approval of a \$1.75 million loan from
4 WIFA, after our review of the comments of the customers, and with no guarantee of locating an
5 adequate water supply, we do not believe it to be in the public interest or consistent with sound
6 financial practices. Therefore, the Company's request for financing approval should be denied.

7 **CONCLUSIONS OF LAW**

8 1. Applicant is a public service corporation within the meaning of Article XV of the
9 Arizona Constitution and A.R.S. §§ 40-250, 40-251, 40-301 and 40-302.

10 2. The Commission has jurisdiction over Applicant and of the subject matter of the
11 applications.

12 3. Notice of the applications was provided in the manner prescribed by law.

13 4. Under the circumstances discussed herein, the rates and charges proposed by Staff and
14 authorized hereinafter are just and reasonable.

15 5. Staff's recommendations set forth in Findings of Fact Nos. 30 and 32 are reasonable
16 and should be adopted.

17 6. The Company's request for approval of long-term debt in the amount of \$1.75 million
18 should be denied because it is not compatible with the public interest, it is not compatible with sound
19 financial practices and it could impair the Company's ability to perform its service as a public utility.

20 **ORDER**

21 IT IS THEREFORE ORDERED that Bellemont Water Company, Inc. is hereby directed to
22 file on or before September 1, 2010, with the Commission's Docket Control, as a compliance item in
23 this docket, a revised rate schedule setting forth the following rates and charges:

24 **MONTHLY CUSTOMER CHARGE:**

25	5/8" x 3/4" Meter	\$ 16.00
	3/4" Meter	24.00
	1" Meter	40.00
26	1 1/2" Meter	80.00
	2" Meter	128.00
27	3" Meter	256.00
	4" Meter	400.00
28	6" Meter	800.00

1 WATER HAULING SURCHARGE:

2 The water hauling surcharge will be calculated by dividing the total water hauling costs incurred in a given
 3 month by the amount of water sold that month. The resulting rate per 1,000 gallons will be multiplied by the
 4 gallons used in the month the water hauling costs were incurred for each customer to arrive at the surcharge
 per 1,000 gallons. The resulting water hauling surcharge will appear as a charge in the next month as a
 separate line item on the customer's bill.

5 COMMODITY CHARGE:Residential

6	0 to 4,000 gallons (per 1,000 gallons)	\$ 15.00
	4,001 to 10,000 gallons	22.50
	Over 10,000 gallons	29.00

Commercial

7	0 to 10,000 gallons (per 1,000 gallons)	\$ 22.50
8	Over 10,000 gallons	29.00

9 **STANDPIPE SERVICE:** (per 1,000 gallons) \$ 9.00

10 **SERVICE LINE AND METER INSTALLATION CHARGES:**
 11 **(Refundable pursuant to A.A.C. R14-2-405)**

	<u>Service Line</u>	<u>Meter</u>	<u>Total</u>	
12	5/8 x 3/4" Meter	\$ 415.00	\$ 105.00	\$ 520.00
	3/4" Meter	415.00	205.00	620.00
13	1" Meter	465.00	265.00	730.00
	1-1/2" Meter	520.00	475.00	995.00
14	2" Turbine Meter	800.00	995.00	1,795.00
	2" Compound Meter	800.00	1,840.00	2,640.00
15	3" Turbine Meter	1,015.00	1,620.00	2,635.00
	3" Compound Meter	1,135.00	2,495.00	3,630.00
16	4" Turbine Meter	1,430.00	2,570.00	4,000.00
	4" Compound Meter	1,610.00	3,545.00	5,155.00
17	6" Turbine Meter	2,150.00	4,925.00	7,075.00
	6" Compound Meter	2,270.00	6,820.00	9,090.00

18 SERVICE CHARGES:

19	Establishment	\$ 30.00
	Establishment (After Hours)	45.00
20	Reconnection (Delinquent)	30.00
	Reconnection (Delinquent) (After Hours)	45.00
21	Meter Test (If Correct)	40.00
	Deposit	*
22	Deposit Interest (Per Annum)	*
	Reestablishment (Within 12 Months)	**
23	NSF Check	20.00
	Deferred Payment (Per Month)	1.5%
24	Meter Re-Read (If Correct)	20.00
	Late Fee (Per Month)	1.5%

25 FIRE SPRINKLERS:

26 * Per Commission rule A.A.C. R-14-2-403(B).

27 ** Number of months off system times the monthly minimum, per Commission rule
 28 A.A.C. R14-2-403(D).

1 *** 2.0% of monthly minimum for a comparable sized meter connection, but no less
2 than \$10 per month. The service charge for fire sprinklers is only applicable for
3 service lines separate and distinct from the primary water service line.

4 IT IS FURTHER ORDERED that the rates and charges hereinabove shall be effective on
5 September 1, 2010, for all water service.

6 IT IS FURTHER ORDERED that Bellemont Water Company, Inc. shall notify its customers
7 of the rates and charges authorized hereinabove and the effective date of same by means of an insert
8 in a form acceptable to Staff in the next regular monthly billing and file a copy of the notice when
9 sent to its customers with the Commission's Docket Control as a compliance item in this docket.

10 IT IS FURTHER ORDERED that that Bellemont Water Company, Inc.'s request for the
11 approval of long-term debt of a \$1.75 million loan from WIFA is hereby denied.

12 IT IS FURTHER ORDERED that Bellemont Water Company, Inc. shall comply with each of
13 the recommendations appearing in Findings of Fact Nos. 30 and 32.

14 IT IS FURTHER ORDERED that Bellemont Water Company, Inc. shall maintain its books
15 and records in compliance with the NARUC USOA.

16 IT IS FURTHER ORDERED that Bellemont Water Company, Inc. shall, in addition to the
17 collection of its regular rates and charges, collect from its customers their proportionate share of any
18 privilege, sales or use tax as provided for in A.A.C. R14-2-409(D).

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1 IT IS FURTHER ORDERED that Bellemont Water Company, Inc. shall annually file, as part
2 of its Annual Report, an affidavit with the Utilities Division attesting that the Company is current on
3 paying its property taxes in Arizona.

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

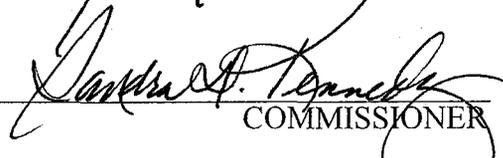
5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

6
7 
8 CHAIRMAN

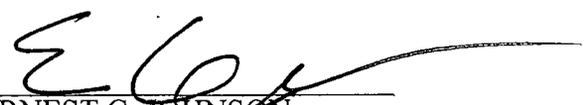

COMMISSIONER

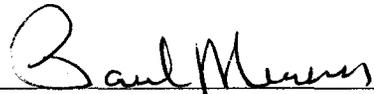
9
10 COMMISSIONER


COMMISSIONER


COMMISSIONER

11 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
12 Executive Director of the Arizona Corporation Commission,
13 have hereunto set my hand and caused the official seal of the
14 Commission to be affixed at the Capitol, in the City of Phoenix,
15 this 31st day of August, 2010.

16 
ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

17
18 DISSENT 

19 DISSENT _____

20 MES:db

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1 SERVICE LIST FOR: BELLEMONT WATER COMPANY, INC.
2 DOCKET NOS.: W-02526A-09-0253 AND W-02526A-09-0421

3 Klaudia Ness
4 BELLEMONT WATER COMPANY, INC.
5 2200 East Cedar Avenue, No. 13
6 Flagstaff, AZ 86004

7 Janice Alward, Chief Counsel
8 Legal Division
9 ARIZONA CORPORATION COMMISSION
10 1200 West Washington Street
11 Phoenix, AZ 85007

12 Steven M. Olea, Director
13 Utilities Division
14 ARIZONA CORPORATION COMMISSION
15 1200 West Washington Street
16 Phoenix, AZ 85007

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