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BEFORE THE ARIZONA CORPORATION COMMISSION

1
2 KRISTIN K. MAYES
Chairman
3 GARY PIERCE
Commissioner
4 SANDRA KENNEDY
Commissioner
5 PAUL NEWMAN
Commissioner
6 BOB STUMP
Commissioner
7

Arizona Corporation Commission
DOCKETED

SEP 28 2010

DOCKETED BY ne

8 IN THE MATTER OF THE APPLICATION)
9 OF WILHOIT WATER COMPANY, INC. -)
10 THUNDERBIRD MEADOWS SYSTEM, AN)
11 ARIZONA CORPORATION, FOR)
12 AUTHORITY TO IMPLEMENT ITS)
13 INFRASTRUCTURE SURCHARGE)
14 MECHANISM)

DOCKET NOS. W-02065A-07-0306
W-02065A-07-0307
W-02065A-07-0312
W-02065A-08-0138

DECISION NO. 71905

ORDER

14 Open Meeting
15 September 21 and 22, 2010
16 Phoenix, Arizona

16 BY THE COMMISSION:

17 FINDINGS OF FACT

18 Introduction

19 1. Pursuant to Decision No. 71234, Wilhoit Water Company, Inc. – Thunderbird
20 Meadows System (“Company”) filed compliance documentation from the Water Infrastructure
21 Finance Authority (“WIFA”) on August 6, 2010, with the Arizona Corporation Commission
22 (“Commission”), fulfilling the compliance requirements set forth in the above-referenced Decision
23 to implement an infrastructure surcharge mechanism.

24 2. Decision No. 71234 ordered “that upon approval by WIFA of the long-term
25 financing for Wilhoit Water Company Inc.’s Thunderbird Meadows System and the Company’s
26 filing of the appropriate WIFA loan documentation, Staff shall calculate the actual surcharge and
27 file the appropriate surcharge amount to be collected from customers according to their meter size
28 within 30 days of the filing.”

1 3. On August 6, 2009, the Commission issued Decision No. 71234 establishing new
2 rates for the Company and authorizing long-term debt financing in the amount of \$145,877.

3 4. On August 6, 2010, the Company filed the required loan documentation for a
4 \$145,877 loan from WIFA in order to begin implementation of its infrastructure surcharge
5 mechanism.

6 **Calculation of Infrastructure Surcharge**

7 5. Decision No. 71234 ordered that, upon the Company's filing of the appropriate
8 WIFA loan documentation, Staff shall calculate the actual infrastructure surcharge and file the
9 appropriate surcharge amount to be collected from the Company's customers according to their
10 meter size. The Company has filed the required loan documentation and Staff has calculated the
11 infrastructure surcharge necessary to recover the debt service cost. Staff's calculation utilized the
12 Company's customer billing determinants to compute the appropriate infrastructure surcharge
13 based on meter size. Staff's infrastructure surcharge is calculated to be collected as a monthly
14 surcharge in addition to the customary monthly minimum charge and does not include a
15 commodity component.

16 6. To compute the infrastructure surcharge, Staff utilized loan data provided by
17 WIFA. This data updates the information provided by the Company in its loan documentation
18 filing.

19 7. Based on the \$145,877 WIFA loan and a 3.675 percent interest rate, the Company
20 would need an additional \$5,034 and \$5,276 annually for principal and interest, respectively, for a
21 total of \$10,310 for debt service on the loan.

22 8. The infrastructure surcharge recommended by Staff is a monthly surcharge of \$6.71
23 for a customer with a 5/8 x 3/4-inch meter, as shown in Schedule JMM-1. When the \$6.71
24 surcharge is added to the existing monthly charge of \$16.50, it produces a monthly minimum
25 charge of \$23.21 for a 5/8 x 3/4-inch meter, as shown in Schedule JMM-2.

26 9. Under Staff's recommended surcharge, the typical bill for a 5/8 x 3/4-inch meter
27 residential customer with median usage of 3,114 gallons will increase by \$6.71 or 24.45 percent,
28 from \$27.44 to \$34.15 for the 5/8 x 3/4-inch meter customer, as shown in Schedule JMM-2.

1 10. Staff recommends approval of the infrastructure surcharges presented below:

2 **MONTHLY INFRASTRUCTURE SURCHARGE**

3	5/8 x 3/4-Inch Meter	\$ 6.71
	3/4-Inch Meter	\$ 10.07
4	1-Inch Meter	\$ 16.87
	1 1/2-Inch Meter	\$ 33.56
5	2-Inch Meter	\$ 53.70
	3-Inch Meter Surcharge	\$ 107.40
6	4-Inch Meter Surcharge	\$ 167.81
7	6-Inch Meter Surcharge	\$ 335.61

8 11. Staff recommends that the Company be required to file with the Commission an
9 infrastructure surcharge tariff consistent with the rates reflected on Schedule JMM-1.

10 12. Staff recommends the Company be required to notify its customers of the
11 infrastructure surcharge tariff approved herein within 30 days of the effective date of the
12 Commission Decision, in this proceeding.

13 13. We find that Staff’s conclusions and recommendations are reasonable and should
14 be adopted.

15 CONCLUSIONS OF LAW

16 1. The Company is a public service corporation within the meaning of Article XV of
17 the Arizona Constitution and A.R.S. §§ 40-250 and 40-252.

18 2. The Commission has jurisdiction over the Company and of the subject matter of the
19 application.

20 3. Approval of an infrastructure surcharge is consistent with the Commission’s
21 authority under the Arizona Constitution, Arizona ratemaking statutes, and applicable case law.

22 4. It is in the public interest to approve the Company’s request for implementation of
23 the infrastructure surcharge as discussed herein.

24 ORDER

25 IT IS THEREFORE ORDERED that the application by the Company for the
26 implementation of its infrastructure surcharge mechanism is approved as discussed herein.\

27 ...
28 ...

1 IT IS FURTHER ORDERED that the Company is hereby authorized and directed to file
2 with the Commission's Docket Control, as a compliance item in this docket, within 30 days of the
3 effective date of this Decision, a revised tariff setting forth the following infrastructure surcharges:

4 **MONTHLY INFRASTRUCTURE SURCHARGE**

5	5/8 x 3/4-Inch Meter	\$ 6.71
6	3/4-Inch Meter	\$ 10.07
7	1-Inch Meter	\$ 16.87
8	1 1/2-Inch Meter	\$ 33.56
9	2-Inch Meter	\$ 53.70
	3-Inch Meter Surcharge	\$ 107.40
	4-Inch Meter Surcharge	\$ 167.81
	6-Inch Meter Surcharge	\$ 335.61

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IT IS FURTHER ORDERED that the Company shall notify its customers of the infrastructure surcharge tariff approved herein within 30 days of the effective date of this Decision.

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

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION



CHAIRMAN

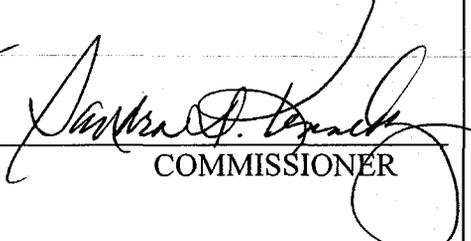
COMMISSIONER



COMMISSIONER

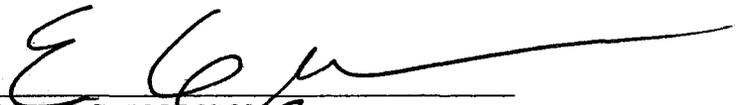


COMMISSIONER



COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 28th day of September, 2010.



ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:JMM:lh\RM

1 SERVICE LIST FOR: Wilhoit Water Company, Inc. – Thunderbird Meadows System
2 DOCKET NOS. W-02065A-07-0306, W-02065A-07-0307, W-02065A-07-0312,
3 and W-02065A-08-0138

4 Mr. Jim West
5 Authorized Representative
6 West & Company, LLC.
7 365 East Coronado Road, Suite 200
8 Phoenix, Arizona 85004

9 Mr. Steven M. Olea
10 Director, Utilities Division
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