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BEFORE THE ARIZONA CORPORATION COMMISSION

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

Arizona Corporation Commission

DOCKETED

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IN THE MATTER OF THE APPLICATIONS)
OF PARK WATER COMPANY, INC. FOR)
AN EMERGENCY RATE INCREASE AND)
FINANCING APPROVAL)

(NOTICE OF COMPLIANCE ITEM IN)
DECISION NO. 71421 RE: WIFA LOAN)
SURCHARGE RECOVERY APPLICATION)

DOCKET NOS. W-02353A-09-0328
W-02353A-09-0329

DECISION NO. 71954

ORDER

Open Meeting
October 19 and 20, 2010
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

Introduction and Background

1. Park Water Company, Inc. ("Park Water" or "Company") is a Class D water utility that provides water service to approximately 123 metered customers in Pinal County, Arizona. The current rates were authorized through an emergency rate increase in Decision No. 71421, dated December 8, 2009. This Decision authorized an emergency surcharge of \$12 to recover approximately \$28,000 in emergency repairs and water hauling expenses. In addition to the \$12 surcharge, Decision No. 71421, authorized, a \$198,000 Water WIFA loan Finance Authority ("WIFA") loan needed to deepen an existing well and a WIFA loan surcharge recovery mechanism that would enable Park Water to pay for the loan.

2. Decision No. 71421¹ stated, "IT IS FURTHER ORDERED that Park Water Company, Inc. shall, within 30 days of the closing of its loan with the Water Infrastructure Finance Authority, file with the Commission a Water Infrastructure Finance Authority loan surcharge recovery mechanism application, using the methodology described in Staff's Schedule CSB-4."

3. On January 8, 2010, the Company filed the required loan documentation for the \$198,000 WIFA loan.

4. On September 2, 2010, the Company filed an application for approval of its WIFA loan surcharge. The Company has informed Staff that the new well has been constructed.

Review of WIFA Loan Surcharge Calculation Methodology

5. Based on the actual \$198,000 WIFA loan and the 3.675 percent interest rate, the Company requires \$14,395 to pay for principal and interest on the loan. To collect the \$14,395, the Company proposes a monthly WIFA loan surcharge of \$9.75 for a customer with a 5/8 x 3/4-inch meter, as shown in Schedule CSB-1. Staff has reviewed the Company's methodology of calculating the WIFA loan surcharge as ordered in Decision No. 71421. Staff concludes that the Company has correctly calculated the surcharge and recommends adoption.

6. The \$9.75 WIFA loan surcharge when added to the existing emergency surcharge of \$12 and to the monthly charge of \$20.00 produces a total monthly minimum charge of \$41.75 for a 5/8 x 3/4-inch meter. The typical bill for a 5/8 x 3/4-inch meter residential customer with an average usage of 8,010 gallons will increase by \$9.75 or 17.50 percent, from \$55.72 to \$65.47. (See Schedule CSB-2).

7. Staff recommends approval of the WIFA loan surcharges presented below:

MONTHLY WIFA LOAN SURCHARGE

5/8 x 3/4-Inch Meter	\$ 9.75
3/4-Inch Meter	\$ 14.63
1-Inch Meter	\$ 16.87
1 1/2-Inch Meter	\$ 24.38
2-Inch Meter	\$ 48.76
3-Inch Meter Surcharge	\$ 78.02

¹ Pursuant to A.R.S. 40-252, Decision No. 71421 was amended by Decision No. 71901 (dated September 28, 2010) to allow Park Water, Inc. to use the WIFA loan funds for drilling a replacement well instead of deepening the existing well.

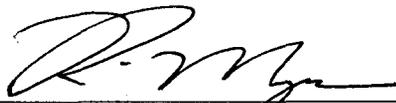
MONTHLY WIFA LOAN SURCHARGE

5/8 x 3/4-Inch Meter	\$ 9.75
3/4-Inch Meter	\$ 14.63
1-Inch Meter	\$ 16.87
1 1/2-Inch Meter	\$ 24.38
2-Inch Meter	\$ 48.76
3-Inch Meter Surcharge	\$ 78.02
4-Inch Meter Surcharge	\$ 146.29
6-Inch Meter Surcharge	\$ 487.62

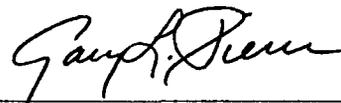
IT IS FURTHER ORDERED that Park Water Inc. shall notify its customers of the WIFA loan surcharge tariff approved herein within 30 days of the effective date of this Decision.

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 15th day of November, 2010.


ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:CSB:lhmb\BH

1 SERVICE LIST FOR: Park Water Company
2 DOCKET NOS. W-02353A-09-0328 and W-02353A-09-0329

3 Ms. Patricia O'Connor
4 President, Park Water Company
5 Post Office Box 16173
6 Phoenix, Arizona 85011-6173

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8 Director, Utilities Division
9 Arizona Corporation Commission
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12 Ms. Janice M. Alward
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Park Water Company

Schedule CSB-1

Docket Nos. W-02353A-09-0328 & W-02353A-09-0329

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**PARK WATER
WIFA LOAN SURCHARGE CALCULATION
FOR \$198,000 WIFA LOAN AMOUNT**

WIFA Loan Amount: \$198,000
 Term: 20 Years
 WIFA Interest rate (r) 3.675% If interest rate is not found on TABLE A, use the next highest percentage

Step 1 - Find the Annual Payment on Loan

\$198,000 Total Amount of Loan
 0.0727 TABLE A, Conversion Factor Table, Column B

 \$14,395 Annual Principle and Interest Payment

Step 2 - Find the Equivalent Bills

Equivalent Bills

Col A	Col B	Col C	Col D	Col E
Meter Size	NARUC Multiplier	Number of Customers	Number of Months in Year	Equivalent Bills Col B x C X D
5/8"x 3/4" Meter	1	123	12	1,476
3/4" Meter	1.5	0	12	-
1" Meter	2.5	0	12	-
1½" Meter	5	0	12	-
2" Meter	8	0	12	-
3" Meter	15	0	12	-
4" Meter	25	0	12	-
6" Meter	50	0	12	-
		<u>123</u>		<u>1,476</u>

Step 3 - Find the Monthly Surcharge

\$14,394.60 Total Annual Payment on the Loan (from Step 1)
 1,476 Divided by: Total Number of Equivalent Bills

 \$9.75 Monthly Surcharge for 5/8" X 3/4" Customers

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Park Water Company

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Schedule CSB-1

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**PARK WATER
WIFA LOAN SURCHARGE CALCULATION
FOR \$198,000 WIFA LOAN AMOUNT
Continued**

Step 4 - Find the Monthly Surcharge for the Remaining Meter Size Customers

Equivalent Bills

Col A	Col B	Col C	Col D
		5/8" x 3/4" Surcharge by	
Meter Size	NARUC Multiplier	Customers' Surcharge	Meter Size Col B x C
5/8"x 3/4" Meter	1	\$ 9.75	\$ 9.75
3/4" Meter	1.5	\$ 9.75	\$ 14.63
1" Meter	2.5	\$ 9.75	\$ 24.38
1½" Meter	5	\$ 9.75	\$ 48.76
2" Meter	8	\$ 9.75	\$ 78.02
3" Meter	15	\$ 9.75	\$ 146.29
4" Meter	25	\$ 9.75	\$ 243.81
6" Meter	50	\$ 9.75	\$ 487.62

**Typical Bill Analysis
5/8 x 3/4-Inch Meter**

Company Proposed	Gallons	Present Rates*	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	8,010	55.72	65.47	\$ 9.75	17.50%
Staff Recommended					
Average Usage	8,010	55.72	65.47	\$ 9.75	17.50%

**Present & Proposed Rates (Without Taxes)
General Service 5/8 x 3/4-Inch Meter**

Gallons	Present Rates*	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 32.00	\$ 41.75	30.47%	\$ 41.75	30.47%
1,000	34.60	44.35	28.18%	44.35	28.18%
2,000	37.20	46.95	26.21%	46.95	26.21%
3,000	39.80	49.55	24.50%	49.55	24.50%
4,000	42.40	52.15	23.00%	52.15	23.00%
5,000	45.00	54.75	21.67%	54.75	21.67%
6,000	48.56	58.31	20.08%	58.31	20.08%
7,000	52.12	61.87	18.71%	61.87	18.71%
8,000	55.68	65.43	17.51%	65.43	17.51%
9,000	59.24	68.99	16.46%	68.99	16.46%
10,000	62.80	72.55	15.53%	72.55	15.53%
11,000	66.36	76.11	14.69%	76.11	14.69%
12,000	69.92	79.67	13.94%	79.67	13.94%
13,000	73.48	83.23	13.27%	83.23	13.27%
14,000	77.04	86.79	12.66%	86.79	12.66%
15,000	80.60	90.35	12.10%	90.35	12.10%
16,000	84.16	93.91	11.59%	93.91	11.59%
17,000	87.72	97.47	11.11%	97.47	11.11%
18,000	91.28	101.03	10.68%	101.03	10.68%
19,000	94.84	104.59	10.28%	104.59	10.28%
20,000	98.40	108.15	9.91%	108.15	9.91%
25,000	119.65	129.40	8.15%	129.40	8.15%
30,000	140.90	150.65	6.92%	150.65	6.92%
35,000	162.15	171.90	6.01%	171.90	6.01%
40,000	183.40	193.15	5.32%	193.15	5.32%
45,000	204.65	214.40	4.76%	214.40	4.76%
50,000	225.90	235.65	4.32%	235.65	4.32%
75,000	332.15	341.90	2.94%	341.90	2.94%
100,000	438.40	448.15	2.22%	448.15	2.22%

*Includes emergency surcharge of \$12.00