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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

KRISTIN K. MAYES, Chairman  
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PAUL NEWMAN  
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BOB STUMP

2010 DEC 20 P 12:19

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF  
ARIZONA-AMERICAN WATER COMPANY –  
AN ARIZONA CORPORATION, FOR  
ADJUSTMENTS TO ITS GROUNDWATER  
SAVINGS FEE FOR UTILITY SERVICE IN ITS  
SUN CITY WATER DISTRICT AND ITS SUN  
CITY WEST WATER DISTRICT

DOCKET NO. W-01656A-98-0577  
WS-02334A-98-0577

DECISION NO. 72046

NOTICE OF COMPLIANCE FILING

Decision No. 72046, issued on December 10, 2010, approved the application by the Company for the implementation of its GSF surcharge. In compliance with this decision, 1) the Company notified customers in the Sun City and Sun City West water districts of the revised GSF surcharge via bill text messages which started November 1, 2010 and will run for 60 days, and 2) attached are revised the GSF surcharge tariffs for both districts.

RESPECTFULLY SUBMITTED on December 20, 2010.

*Sandra L. Murrey*  
Sandra L. Murrey  
Regulatory Analyst  
Arizona-American Water  
2355 W. Pinnacle Peak Road, Suite 300  
Phoenix, AZ 85027  
[Sandra.Murrey@amwater.com](mailto:Sandra.Murrey@amwater.com)  
623-445-2490

Arizona Corporation Commission

DOCKETED

DEC 20 2010

DOCKETED BY

1 Original and 13 copies **filed**  
2 on December 20, 2010, with:

3  
4 Docket Control  
5 Arizona Corporation Commission  
6 1200 West Washington  
7 Phoenix, Arizona 85007

8  
9 Copies of the foregoing **emailed**  
10 on December 20 2010 to:

11  
12 Brian K. Bozzo  
13 Compliance and Enforcement Manager  
14 Utilities Division  
15 1200 West Washington Street  
16 Phoenix, AZ 85007

CONCLUSIONS OF LAW

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

4 2. The Commission has jurisdiction over the Company and of the subject matter of the  
5 application.

6 3. Approval of a GSF surcharge is consistent with the Commission's authority under  
7 the Arizona Constitution, Arizona statutes, and applicable case law.

8 4. It is in the public interest to approve the Company's request for implementation of  
9 the GSF surcharge as discussed herein.

10 ORDER

\* 11 IT IS THEREFORE ORDERED that the application by Arizona-American Water  
12 Company for the implementation of its GSF surcharge is approved as discussed herein.

\* 13 IT IS FURTHER ORDERED that Arizona-American Water Company shall file a revised  
14 GSF surcharge tariff as discussed herein within 15 days of the effective date of this Decision.

\* 15 IT IS FURTHER ORDERED that Arizona-American Water Company shall notify its  
16 customers of the revised CAP surcharge tariff approved herein by December 15, 2010.

17 IT IS FURTHER ORDERED that Arizona-American Water Company shall file its annual  
18 revision of the GSF surcharge with the Commission no later than January 31 of each future year  
19 beginning in 2012, with an effective date of the following March 1. The filings shall continue  
20 until further order of the Commission.

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25 ...  
26 ...  
27 ...  
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**Sun City Water District**  
(Name of Service Area)

**Groundwater Savings Fee GSF - 1**

**Applicability**

Applicable to all customers of this District receiving service under General Water Rate G-1, Irrigation Water Rate I-1 or Public Interruptible Water Service Rate PIR-1.

<b><u>Residential Users</u></b>	<b><u>Deferred Costs</u></b>	<b><u>Annual Costs</u></b>	<b><u>Total Charge</u></b>
Flat Rate per unit per month	\$0.00	(\$0.8325)	(\$0.8325) *

\* Rate consists of (\$1.6178) per unit to refund the over collection of prior years' surcharge and \$0.7853 per unit for the collection of current annual CAP charges.

<b><u>Other Users</u></b>	<b><u>Deferred Costs</u></b>	<b><u>Annual Costs</u></b>	<b><u>Total Charge</u></b>
All Usage per 1,000 gallons per month	\$0.00	(\$0.0590)	(\$0.0590) **

\*\* Rate consists of (\$0.1146) per 1,000 gallons of usage to refund the over collection of prior years' surcharge and \$0.0556 per 1,000 gallons of usage for the collection of current annual CAP charges.

**Terms and Conditions**

The Deferred Costs portion of the Groundwater Savings Fee shall be in effect for a sixty-month period from March 2000 through February 2005. The Annual Costs portion shall be adjusted each year to reflect current actual CAP costs.

**Over-Recovery of Deferred Costs Portion of Groundwater Savings Fee**

The Deferred Costs portions of the Groundwater Savings Fee for Sun City Water District were developed, based on a revenue-requirement analysis, to recover the following amounts:

Residential customers	\$11,513 X 60 months = \$690,780
Commercial customers	\$ 3,023 X 60 months = <u>\$181,380</u>
Total	<u>\$872,160</u>

(Continued on Sheet 8a)

ISSUED December 10 2010 EFFECTIVE November 1 2010  
Month Day Year Month Day Year

ISSUED BY Thomas M. Broderick, Director, Rates & Regulation

2355 W. Pinnacle Peak Road, Suite 300, Phoenix, Arizona 85027  
Decision No. 72046

**Sun City Water District**  
(Name of Service Area)

**Groundwater Savings Fee GSF – 1 (cont.)**

**Terms and Conditions (cont'd)**

**Over-Recovery of Deferred Costs Portion of Groundwater Savings Fee**

Sun City Water District will track the monthly revenues received in connection with the Deferred Costs portions of the Groundwater Savings Fee. At the end of the sixty-month collection period, the cumulative total received will be compared with the \$872,160 computed above. To the extent a surplus has been recovered, that amount will be placed into an appropriate regulatory liability account on Arizona-American Water Company's balance sheet for future regulatory disposition, and the Company, by letter, will appropriately notify the Director of Utilities. Should the cumulative surcharge revenues be less than the amounts identified above, Arizona-American Water Company will absorb the deficiency.

**Annual Adjustment of Annual Costs Portion of Groundwater Savings Fee**

Following the close of each calendar year, Arizona-American Water Company will compute the revenues received from the Annual Costs portion of the Groundwater Savings Fee during the previous twelve months and compare the total with the actual payments made for CAP water during the same period. Any surplus or deficit relating to differences between estimated and actual customers, sales, or CAP payments will be included in the computation of the new Annual Costs portion of the Groundwater Savings Fee for the coming year, beginning with customer billings each March 1<sup>st</sup>. The new rates will be developed as follows:

- Surcharge revenues during the preceding calendar year.
- Actual CAP payments (including MWD credits) applicable to preceding year
- = (+) surplus or (-) deficit
- + Estimated CAP payments for coming year (M&I + delivery – MWD credits)
- = Total target amount to recover during the coming March – February

The above computed target amount will be allocated between residential and commercial customers on the basis of usage projected for the future March - February period. Residential customers will be billed a fixed monthly surcharge based on projected customer bill numbers, with commercial customers billed on a per 1,000 gallon usage basis, based on consumption forecasted for the same March – February billing period.

All rates in this Schedule shall be subject to their proportionate part of any taxes or other governmental imposts that are assessed directly or indirectly on the basis of revenues derived from this Schedule.

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ISSUED December 10 2010 EFFECTIVE November 1 2010  
Month Day Year Month Day Year

*Thomas M. Broderick*  
ISSUED BY Thomas M. Broderick, Director, Rates & Regulation

**Sun City West Water District**  
(Name of Service Area)

**Groundwater Savings Fee GSF - 1**

**Applicability**

Applicable to all customers of this District receiving service under General Water Rate G-1 or Construction Water Service CW-1.

<b><u>Residential Users</u></b>	<b><u>Deferred Costs</u></b>	<b><u>Annual Costs</u></b>	<b><u>Total Charge</u></b>
Flat Rate per unit per month	\$0.00	(\$0.1245)	(\$0.1245) *

\* Rate consists of (\$.9536) per unit to refund the over collection of prior years' surcharge and \$0.8291 per unit for the collection of current annual CAP charges.

<b><u>Other Users</u></b>	<b><u>Deferred Costs</u></b>	<b><u>Annual Costs</u></b>	<b><u>Total Charge</u></b>
All Usage per 1,000 gallons per month	\$0.00	(\$0.0131)	(\$0.0131) **

\*\*Rate consists of (\$.1006) per 1,000 gallons of usage to refund the over collection of prior years' surcharge and \$.0875 per 1,000 gallons of usage for the current annual CAP Charges.

**Terms and Conditions**

The Deferred Costs portion of the Groundwater Savings Fee shall be in effect for a sixty-month period from March 2000 through February 2005. The Annual Costs portion shall be adjusted each year to reflect current actual CAP costs.

**Over – Recovery of Deferred Costs Portion of Groundwater Savings Fee**

The Deferred Costs portions of the Groundwater Savings Fee for this District were developed, based on a revenue-requirement analysis, to recover the following amount:

Residential customers	\$6,980 X 60 months = \$418,800
Commercial customers	\$1,279 X 60 months = <u>\$ 76,740</u>
Total	<u>\$495,540</u>

(Continued on Sheet 8a)

ISSUED December 10 2010 EFFECTIVE November 1 2010  
Month Day Year Month Day Year

ISSUED BY Thomas M. Broderick, Director, Rates & Regulation  
*Thomas M. Broderick 12/12/2010*

2355 W. Pinnacle Peak Road, Suite 300, Phoenix, Arizona 85027  
Decision No. 72046

**Groundwater Savings Fee GSF-1 (cont.)**

**Terms and Conditions (cont'd)**

**Over-Recovery of Deferred Costs Portion of Groundwater Savings Fee**

This District will track the monthly revenues received in connection with the Deferred Costs portions of the Groundwater Savings Fee. At the end of the sixty-month collection period, the cumulative total for this District will be compared with the \$495,540 computed above. To the extent a surplus has been recovered, that amount will be placed into an appropriate regulatory liability account on this District's balance sheet for future regulatory disposition and the Director of Utilities will be appropriately notified by letter. Should the cumulative surcharge revenues be less than the amounts identified above, the deficiency will be absorbed by the Company.

**Annual Adjustment of Annual Costs Portion of Groundwater Savings Fee**

At the close of each calendar year, the Company will compute the surcharge revenues for ongoing CAP water costs billed and received during the previous twelve months and compare such total with the actual CAP water payments applicable to the same period. Any surplus or deficit relating to differences between estimated and actual customers, sales, or CAP payments will be included in the computation of the new Annual Costs portion of the Groundwater Savings Fee for the coming year, beginning with customer billings each March 1<sup>st</sup>. The new rates will be developed as follows:

- Surcharge revenues during the preceding calendar year.
- Actual CAP payments (including MWD credits) applicable to preceding year
- = (+) surplus or (-) deficit
- + Estimated CAP payments for coming year (M&I + delivery – MWD credits)
- = Total target amount to recover during the coming March – February

The above computed target amount will be allocated between residential and commercial customers on the basis of usage projected for the future March - February period. Residential customers will be billed a fixed monthly surcharge based on projected customer bill numbers, with commercial customers billed on a per 1,000 gallon usage basis, based on consumption forecasted for the same March – February billing period.

All rates in this Schedule shall be subject to their proportionate part of any taxes or other governmental imposts which are assessed directly or indirectly on the basis of revenues derived from this Schedule.

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ISSUED	<u>December</u>	<u>10</u>	<u>2010</u>	EFFECTIVE	<u>November</u>	<u>1</u>	<u>2010</u>
	Month	Day	Year		Month	Day	Year

*Thomas M. Broderick*  
ISSUED BY Thomas M. Broderick, Director, Rates & Regulation