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BEFORE THE ARIZONA CORPORATION COMMISSION

GARY PIERCE  
Chairman  
BOB STUMP  
Commissioner  
SANDRA D. KENNEDY  
Commissioner  
PAUL NEWMAN  
Commissioner  
BRENDA BURNS  
Commissioner

Arizona Corporation Commission

DOCKETED

FEB 11 2011

DOCKETED BY  
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IN THE MATTER OF THE APPLICATION  
OF LITTLE PARK WATER COMPANY  
FOR AUTHORITY TO REINSTATE AN  
ARSENIC HOOK-UP FEE TARIFF

DOCKET NO. W-02192A-10-0404

DECISION NO. 72185

ORDER

Open Meeting  
February 1 and 2, 2011  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Little Park Water Company ("Little Park" or "Company") is a for-profit Arizona subchapter "C" corporation providing water services in Yavapai County, Arizona, in the vicinity of the Town of Sedona.
2. Commission Decision No. 71840, dated August 10, 2010, granted the Company's current rates.
3. In Decision No. 67886, dated June 1, 2005, the Commission authorized Little Park to collect an arsenic hook-up fee from all customers requesting services at a new service location.
4. The funds collected through the arsenic hook-up fee were to be used to supplement the funding for the construction of an arsenic treatment facility ("ATF") serving two of Little Park's existing wells.
5. Construction on the ATF was completed on June 30, 2009, at a cost of \$267,091.

...

1           6.       The Company anticipated that arsenic hook-up fees from the Verde Valley School  
2 (\$68,000) and Camp Soaring Eagle (\$118,800) would serve as the primary source of funding for  
3 the ATF construction.

4           7.       The Company requested and the Commission granted in Decision No. 71172<sup>1</sup>  
5 termination of the arsenic hook-up fees authorized in Decision No. 67886.

6           8.       The Company has received the expected fees from the Verde Valley School;  
7 however, the Company has received none of the expected fees from Camp Soaring Eagle and no  
8 fees are forthcoming due to cancellation of that project.

9           9.       Little Park financed the ATF funding deficit resulting from the loss of the Camp  
10 Soaring Eagle fees by obtaining a loan from its corporate parent, Big Park Water Company.<sup>2</sup>

11          10.       On September 27, 2010, Little Park filed an application for authorization to incur  
12 long-term debt to refinance the bridge loan from its parent.<sup>3</sup>

13          11.       Staff's review of the Commission's records for the period January 1, 2007, to  
14 December 22, 2010, found only one complaint, regarding a service line extension, and no  
15 opinions. The 2008 complaint in question was resolved and closed.

16          12.       In 2009 and 2010 YTD there were no complaints, inquiries, or opinions expressed.

17          13.       The Company is in good standing with the Commission's Corporations Division.

18          14.       Due to Camp Soaring Eagle's inability to fulfill its obligation under the approved  
19 line extension agreement, Little Park is looking into alternate methods to repay its construction  
20 loan financing.

21          15.       Little Park is in the process of obtaining a seven-year bridge loan with Chase Bank.

22          16.       The Company is now asking for the authority to reinstate the Arsenic Hook-up fees  
23 previously authorized in Decision No. 67886 to reduce the rate impact of the ATF and to generate  
24 additional funds to repay the long-term debt the Company anticipates issuing subject to the  
25 Commission's authorization.

26          17.       The Company-proposed hook-up fees, by meter size, are shown below.

27 <sup>1</sup> Issued June 30, 2009.

28 <sup>2</sup> Little Park's balance sheet dated July 31, 2010, shows a loan balance of \$117,642.

<sup>3</sup> Docket No. W-02192A-10-0395.

	<u>Meter Size</u>	<u>Meter Factor</u>	<u>Fee</u>
1	5/8" x 3/4"	1	\$ 1,650
2	3/4"	1.2	\$ 1,980
3	1"	2	\$ 3,300
	1-1/2"	4	\$ 6,600
4	2"	6.4	\$10,560
	3"	12	\$19,800
5	4"	20	\$33,000
6	6"	40	\$66,000

18. Staff recommends the reinstatement of the Arsenic Hook-up fees as shown above and subject to the following conditions.

- a. The monies collected under this tariff shall be used to pay for only arsenic treatment equipment and related appurtenances (including engineering and design costs for such facilities, but no operation and maintenance) necessary for the removal of arsenic through treatment of water to meet the 10 ppb arsenic standard.
- b. The tariff is applicable to all new service connections established after the effective date of the tariff.
- c. The tariff shall be non-refundable; therefore, facilities installed using these funds shall be contributions in aid of construction.
- d. All funds collected by the Company pursuant to the tariff shall be deposited into a separate interest bearing trust account and used solely for the purposes of paying for the costs of arsenic treatment facilities, including repayment of loans obtained for the installation of arsenic treatment facilities that will benefit the entire water system.
- e. After all necessary funds are collected to pay for all Arizona Department of Environmental Quality required arsenic treatment facilities or the tariff has been terminated by order of the Commission, any funds not necessary to pay for arsenic treatment facilities remaining in the trust shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.
- f. The Company be required to submit to Docket Control a calendar year status report each year by January 31 for the prior twelve-month period, beginning January 31, 2012, until the tariff is no longer in effect. This status report should contain a list of all customers that have paid the tariff, the amount each has paid, the amount of money spent from the account, the amount of interest earned on the tariff account, a list of all facilities that have been installed and all loan payments made with the tariff funds during the twelve-month period.



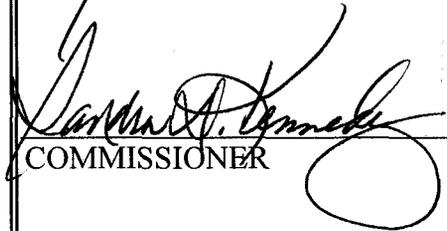
1 IT IS FURTHER ORDERED that a hook-up fee tariff consistent with that ordered herein  
2 shall be filed in this docket as a compliance item within thirty (30) days of the effective date of this  
3 Decision.

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

5  
6 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

7   
8 CHAIRMAN

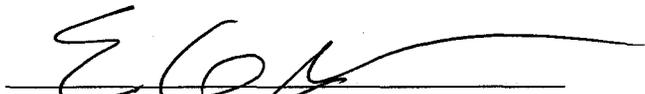
  
COMMISSIONER

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10   
11 COMMISSIONER

**EXCUSED**  
COMM. NEWMAN  
COMMISSIONER

  
COMMISSIONER

12  
13 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,  
14 Executive Director of the Arizona Corporation Commission,  
15 have hereunto, set my hand and caused the official seal of  
16 this Commission to be affixed at the Capitol, in the City of  
17 Phoenix, this 11<sup>th</sup> day of February, 2011.

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19 ERNEST G. JOHNSON  
20 EXECUTIVE DIRECTOR

21 DISSENT: \_\_\_\_\_

22 DISSENT: \_\_\_\_\_

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1 SERVICE LIST FOR: Little Park Water Company  
2 DOCKET NO. W-02192A-10-0404

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