

**ORIGINAL  
OPEN MEETING**



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**MEMORANDUM**

Arizona Corporation Commission

**DOCKETED**

JUN 2 2011

RECEIVED

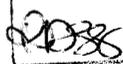
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AZ CORP COMMISSION  
DOCKET CONTROL

TO: THE COMMISSION

FROM: Utilities Division

DATE: June 2, 2011

DOCKETED BY 

RE: IN THE MATTER OF AN EMERGENCY WATER PURCHASE SURCHARGE FOR CERBAT WATER COMPANY (DOCKET NOS. W-02391A-10-0218 & W-02391A-11-0166).

On May 27, 2011, the Arizona Corporation Commission ("Commission") approved an Emergency Water Purchase Surcharge Mechanism ("EWPSM") for Cerbat Water Company ("Cerbat" or "Company"). The Commission-approved mechanism is specific to the Company's current emergency due to the mechanical failure of the water pump at its only well on May 26, 2011. Pursuant to Commission Order, Staff in conjunction with the Company has developed an EWPSM that will enable Cerbat to recover the cost of water purchased from the City of Kingman ("City") through an Emergency Water Purchase Surcharge. Please see Attachment A. The EWPSM should only be valid for water purchased from the City due to this specific pump failure, or for six months from May 27, 2011, the day the Commission approved the surcharge mechanism, whichever is sooner. Staff recommends that the Commission authorize Cerbat to charge its customers an Emergency Water Purchase Surcharge for water purchased from the City, per the mechanism described.

Steven M. Olea  
Director  
Utilities Division

SMO:All:sms\KAR

ORIGINATOR: Alexander Ibhade Igwe, CPA

**CERBAT WATER COMPANY**  
Docket Nos. W-02391-10-0218 AND W-02391A-11-0166

**EMERGENCY WATER PURCHASE SURCHARGE MECHANISM**

- |  |          |
|--|----------|
| 1. Cost of Purchased Water from the City in Month X                                      | <b>A</b> |
| 2. Total Quantity of Water Sold by Cerbat in Month X (1,000-gallons)                     | <b>B</b> |
| 3. Cost per 1,000-gallons of Purchased Water from the City in Month X ( $A \div B = C$ ) | <b>C</b> |
| 4. Quantity of Water billed to Customer in Month X (1,000-gallons)                       | <b>D</b> |
| 5. Emergency Water Purchase Surcharge billed to Customer in Month X ( $C \times D = E$ ) | <b>E</b> |

**SAMPLE CALCULATION OF EMERGENCY WATER PURCHASE SURCHARGE**

- |  |         |
|--|---------|
| 1. Cost of Purchased Water from the City of Kingman in Month X                   | \$5,000 |
| 2. Total Quantity of Water Sold in Month X (1,000-gallons)                       | 2,800   |
| 3. Cost per 1,000-gallons of Purchased Water from the City of Kingman in Month X | \$1.79  |
| 4. Quantity of Water billed to Customer in Month X (5,468/1,000-gallons)         | 5.468   |
| 5. Emergency Water Purchase Surcharge billed to Customer in Month X              | \$9.79  |

**ASSUMPTIONS FOR SAMPLE CALCULATION**

- Cerbat incurred \$5,000 for cost of purchased water from the City in month X
- Cerbat sold 2,800,000-gallons of water in month X
- Customer consumed 5,468-gallons of water in month X





1 IT IS FURTHER ORDERED that Cerbat Water Company shall separately account for the  
2 proceeds of the Emergency Water Purchase Surcharge approved in this proceeding.

3 IT IS FURTHER ORDERED that the funds collected by this surcharge shall be used solely  
4 to reimburse Cerbat Water Company for its prepayments for water purchased from the City of  
5 Kingman.

6 IT IS FURTHER ORDERED that Cerbat Water Company file a report with Docket  
7 Control stating the amount collected through the Emergency Water Purchase Surcharge and the  
8 amount paid to the City, no later than 30 days after its well pump has become operational or its  
9 current emergency ceases.

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

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

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CHAIRMAN

COMMISSIONER

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COMMISSIONER

COMMISSIONER

COMMISSIONER

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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 \_\_\_\_\_ day of \_\_\_\_\_, 2011.

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\_\_\_\_\_  
ERNEST G. JOHNSON  
EXECUTIVE DIRECTOR

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

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

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SMO:All:sms\KAR

1 SERVICE LIST FOR: Cerbat Water Company  
2 DOCKET NOS. W-02391A-10-0218, W-02391A-11-0166

3 Mr. Steve Wene  
4 Moyes Sellers and Sims  
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8 (Company Attorney)

9 Mr. B Marc Neal  
10 Cerbat Water Company  
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13 Kingman, AZ 86401

14 Mr. Steven M. Olea  
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16 Arizona Corporation Commission  
17 1200 West Washington Street  
18 Phoenix, Arizona 85007

19 Ms. Janice M. Alward  
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