

ORIGINAL



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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

- GARY PIERCE – CHAIRMAN
- BOB STUMP
- SANDRA D. KENNEDY
- PAUL NEWMAN
- BRENDA BURNS

2011 JUN 22 P 4: 54

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

JUN 22 2011

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF TUSAYAN WATER DEVELOPMENT ASSOCIATION, INC. FOR ESTABLISHMENT OF RATES FOR WATER SERVICE.

DOCKET NO. W-02350A-10-0163

IN THE MATTER OF THE APPLICATION OF ANASAZI WATER CO., LLC FOR ADJUDICATION “NOT A PUBLIC SERVICE CORPORATION.”

DOCKET NO. W-20765A-10-0432

IN THE MATTER OF THE APPLICATION OF HYDRO-RESOURCES, INC. FOR ADJUDICATION “NOT A PUBLIC SERVICE CORPORATION.”

DOCKET NO. W-20770A-10-0473

DIRECT TESTIMONY OF CHRISTOPHER BRAINARD

(Administrative Law Judge Sarah N. Harpring)

Applicant Tusayan Water Development Association, Inc. (“TWDA”), through its counsel, pursuant to the Procedural Order dated April 20, 2011, hereby submits the direct testimony of Christopher Brainard.

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. Christopher Brainard, 6241 E. Friess Drive, Scottsdale, Arizona 85254.

Q. IN WHAT CAPACITY ARE YOU EMPLOYED?

A. I am a certified public accountant. I have been licensed as an accountant by the Arizona State Board of Accountancy since 1990. I have been informally employed by TWDA and have provided it administrative, accounting and professional services since 1995.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

1 A. The purpose of my testimony is to present to the Arizona Corporation
2 Commission ("ACC") my knowledge concerning the following:

- 3 • TWDA's provision of water service to customers in the Tusayan, Arizona area;
- 4 • TWDA's ownership and control of water system facilities;
- 5 • TWDA's involvement in management and operation of the water systems (including
6 regulatory compliance with the Arizona Department of Environmental Quality, the
7 handling of repairs and maintenance, and the payment of operating expenses);
- 8 • TWDA's involvement in bringing any new customers onto service;
- 9 • TWDA's interaction with current customers.

10 I am prepared to discuss and am knowledgeable about the following issues:

- 11 • What TWDA actually does;
- 12 • Whether TWDA is dedicated to public use;
- 13 • TWDA's articles of incorporation, authorization and purposes;
- 14 • The extent to which TWDA deals with the service of a commodity in which the public
15 has been generally held to have an interest;
- 16 • Whether and to what extent TWDA has monopolized or intended to monopolize the
17 provision of waters service in the Tusayan general area;
- 18 • Whether TWDA accepts substantially all requests for service;
- 19 • Whether TWDA provides service under contracts and whether it reserves the right to
20 discriminate between customers;
- 21 • Whether TWDA is in actual or potential competition with other corporations whose
22 business is clothed with public interest.

23 **Q. WHAT IS YOUR LEVEL OF FAMILIARITY WITH TWDA?**

1 A. I am familiar with TWDA because I have provided it with services since 1995. Since
2 first providing services, I have learned about TWDA's origin and historical development. Other
3 than Ann Wren, the current president of TWDA, and the board members, Bess Foster and
4 Clarinda Vail, I am the most knowledgeable person concerning TWDA's operations.

5 II. ORIGIN AND HISTORICAL DEVELOPMENT

6 Q. HOW AND WHY WAS TWDA INCORPORATED?

7 A. TWDA was incorporated by filing articles of incorporation ("Articles") with the ACC –
8 Corporations Division on September 28, 1978. TWDA was granted and maintains non-profit
9 status from the Internal Revenue Service. The Tusayan area began to see an increase in
10 development, because of its proximity to the south main entrance to Grand Canyon National
11 Park. Tusayan is completely surrounded by the Kaibab National Forest, with very little privately
12 owned land. The increase in development resulted in a collective desire to have regular water
13 service for residents and businesses. At that time, water was trucked in by tanker trucks because
14 there were no wells. TWDA was formed solely to apply to the ACC for a certificate of
15 *convenience and necessity* ("CC&N") because water could not be purchased from the United
16 States Department of the Interior – National Park Service ("National Park Service") without it.
17 A further dilemma was created by the fact that the ACC would not approve the CC&N without
18 first securing a commitment from the National Park Service to provide a supply of water
19 adequate to meet the needs of the Tusayan area.

20 Q. DID TWDA APPLY FOR A CC&N AND IF SO, WHAT WAS THE OUTCOME?

21 A. Yes. On December 7, 1978, TWDA applied to the ACC for a CC&N to provide water
22 service to the Tusayan area (DOCKET NO. U-2350) ("CC&N Case"). A hearing was conducted
23 on February 8, 1979. On March 28, 1979, the ACC issued its opinion and order (decision no.
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1 49808) in the CC&N Case, a copy of which is attached to this testimony as Exhibit 1
2 (“Preliminary CC&N”). The CC&N Decision was preliminary and was conditioned on
3 obtaining a water supply from the National Park Service and a franchise from Coconino County.
4 On December 13, 1979, the ACC issued a second opinion and order (decision no. 50492)
5 affirming that TWDA had met the conditions and rendering the CC&N permanent for a
6 designated and legally described area (“Permanent CC&N”). A copy of the Permanent CC&N is
7 attached as Exhibit 2.
8

9 **Q. HAS TWDA HAD ANY FURTHER INVOLVEMENT WITH THE ACC SINCE**
10 **THE CC&N CASE?**

11 A. Each year, I have caused TWDA to file its annual report with the ACC – Corporations
12 Division and the ACC – Utilities Division. Otherwise, TWDA did not file any further
13 documents or applications until prompted to file this case by letter dated November 16, 2009
14 from the ACC.
15

16 **Q. WHAT WATER SERVICE DID TWDA PROVIDE UNDER THE CC&N?**

17 A. For approximately fifteen years, TWDA bought and sold water supplied by the National
18 Park Service to residents and business in the Tusayan area. In the mid-1990s Hydro-Resources,
19 Inc. (“Hydro”) and Anasazi Water Co., LLC (“Anasazi”) drilled private wells and began
20 production of water for separate areas or Tusayan. Because TWDA still held the CC&N, it
21 billed customers for water from Hydro and Anasazi. TWDA received reports from Anasazi and
22 Hydro of customer consumption through meters for each customer. The wells, pumps, tanks,
23 meters, and distribution lines (both on public and private land) were owned either by Hydro,
24 Anasazi, or the customers. TWDA did not and does not own any water infrastructure. TWDA
25 served as an intermediary between customers and Hydro and Anasazi on billing issues. TWDA
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1 billed each customer for its usage of water based on measured consumption as evidence by each
2 customer's meter, which were read by Anasazi and Hydro. For customers supplied by Anasazi,
3 TWDA charged one rate (presently, \$55.00/thousand gallons) while customers supplied by
4 Hydro are charged another (presently, \$24.50/thousand gallons). TWDA charges \$0.40/thousand
5 gallons) as an administrative fee to defray its costs. TWDA charges appropriate transaction
6 privilege (sales) tax. TWDA did and does not perform or provide any maintenance, repairs or
7 capital improvements to the wells, pumps, tanks, and distribution lines. I prepared a set of
8 schedules to the best of my ability depicting various matters as evidence of TWDA's current
9 operations, which were attached to its original application, filed April 29, 2010. The schedules
10 (A-1, A-2, A-3, A-4, A-5, B-1, B-2, B-3, B-4, B-5, C-1, C-2, C-3, D-1, E-1, E-2, E-7, E-8, E-9,
11 F-1, F-3, F-4, H-1, H-3, H-4, and H-5) are attached as Exhibit 3.
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14 **III. SPECIFIC OPERATIONAL INQUIRIES**

15 **Q. WHAT WATER SYSTEM FACILITIES DOES TWDA OWN OR CONTROL?**

16 A. TWDA neither owns nor controls any water system infrastructure. Hydro and Anasazi
17 have an implied license to enter upon the property of TWDA customers to read customer meters.
18 TWDA does not own the meters. TWDA owns no physical property other than a moderate
19 supply of office supplies.
20

21 **Q. WHAT IS TWDA'S INVOLVEMENT IN MANAGEMENT AND OPERATION** 22 **OF THE WATER SYSTEM?**

23 A. TWDA is the holder of the CC&N and performs billing functions, including compiling
24 consumption data, preparation of invoices, transmittal of invoices, collection of payments, and
25 payment of obligations to taxing authorities.
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1 **Q. WHAT IS TWDA'S INVOLVEMENT IN REGULATORY COMPLIANCE WITH**
2 **ADEQ?**

3 A. TWDA does not perform any functions relating to regulatory compliance. Anasazi and
4 Hydro perform quality control functions for the water they supply and ensure compliance.

5 **Q. WHAT IS TWDA'S INVOLVEMENT IN BRINGING NEW CUSTOMERS ONTO**
6 **SERVICE?**

7
8 A. New customers send a letter to TWDA requesting water service from one of the water
9 companies. TWDA makes a formal request from either Hydro or Anasazi. When TWDA
10 receives confirmation that they have the capacity to service the new customer, the customer
11 connects to the water system. TWDA commences billing as soon as a physical connection and
12 service are established. Due to the small size of the certificated area and the limited quantity of
13 private land, TWDA does not have a fixed procedure for bringing new customers onto service.
14

15 **Q. WHAT REPAIRS AND MAINTENANCE DOES TWDA HANDLE?**

16 A. None. All repairs and maintenance are performed by Hydro, Anasazi or other private
17 owner of the water distribution infrastructure.

18 **Q. HOW DOES TWDA PAY ITS OPERATING EXPENSES?**

19 A. TWDA's operating expenses were historically limited to the cost of data collection, and
20 clerical expenses of billing. I provided accounting and billing services at no cost for a couple
21 years. Thereafter, I charged nominal fees, at a rate lower than standard for a certified public
22 accountant. The collected revenue from customers has been adequate to pay Anasazi and Hydro
23 for the water it supplies to TWDA customers. The filing of this application has resulted in
24 TWDA's accrual of debt for professional fees to its counsel of record and to me for legal and
25 accounting services, respectively. These expenses have outpaced the collection of revenue,
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1 causing TWDA to operate at a loss. For more detailed statistical data, I refer to the schedules
2 referenced above and attached as Exhibit 3.

3 **Q. HOW DOES TWDA INTERACT WITH ITS CUSTOMERS?**

4 A. TWDA mails its invoices for water service to its customers and collects payments.
5 TWDA's president, Ann Wren, or myself are available to deal with customer complaints,
6 concerns, and other communication. However, since customers generally know that the water is
7 supplied by Hydro or Anasazi, there is a greater likelihood that customers would contact Hydro
8 or Anasazi. If matters arise which fall within the administrative functions of TWDA, those
9 issues would be brought either to Ms. Wren's attention or mine to be rectified.
10

11 **IV. "SERV-YU" FACTORS**

12 **Q. EXPLAIN WHAT TWDA ACTUALLY DOES.**

13 A. As noted above, TWDA does not provide water service like a traditional integrated
14 utility. TWDA provides administrative and billing services and holds the CC&N. Beyond that,
15 it is not involved in the physical delivery of service.
16

17 **Q. HOW IS TWDA DEDICATED TO PUBLIC USE?**

18 A. TWDA is not legally "dedicated" or publicly owned. In the lay sense of the term
19 "dedicated," TWDA is a non-profit that serves a function as one component of a water service.
20 Without Hydro, Anasazi and other private owners of infrastructure, TWDA could not exist as a
21 stand-alone provider of water service. TWDA has a fifteen-plus year relationship with Hydro
22 and Anasazi, which symbiotically benefits the Tusayan community.
23

24 **Q. HOW WAS TWDA INCORPORATED AND FOR WHAT CORPORATE**
25 **PURPOSE?**
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1 A. As noted above, TWDA was incorporated solely to deal with the legal dilemma of being
2 able to purchase water from the National Park Service and supply it over a certificated area as
3 authorized by the ACC. TWDA maintains its non-profit status under the ACC-Corporation
4 Division filing and with the Internal Revenue Service. TWDA is governed by a board of
5 directors comprised of Ann Wren, its president, and directors Bess Thurston and Clarinda Vail.
6

7 **Q. DOES TWDA DEAL IN THE SERVICE OF A COMMODITY IN WHICH THE**
8 **PUBLIC HAS AN INTEREST?**

9 A. Yes. However, as noted above, TWDA could not operate as a stand-alone water service
10 provider. It must purchase and sell water supplied by at least two others.

11 **Q. DOES TWDA HAVE A MONOPOLY OR INTEND TO ESTABLISH A**
12 **MONOPOLY?**

13 A. TWDA holds the CC&N for the Tusayan area. However, TWDA does not understand
14 that it can require customers to purchase water from it. TWDA has no intention of establishing a
15 monopoly.
16

17 **Q. DOES TWDA ACCEPT SUBSTANTIALLY ALL REQUESTS FOR SERVICE?**

18 A. Yes, provided that the customer arranges to connect to Hydro's or Anasazi's distribution
19 lines.
20

21 **Q. DOES TWDA RESERVE THE RIGHT TO DISCRIMINATE BETWEEN**
22 **CUSTOMERS AND PROVIDE SERVICE UNDER SEPARATE OR INDIVIDUAL**
23 **CONTRACTS?**

24 A. TWDA rates are bifurcated based on connection to Anasazi or connection to Hydro
25 because Anasazi's acquisition of water is more costly. It is TWDA's understanding that
26 Anasazi's water is not currently derived from its well, which is inactive. Rather it is delivered to
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1 Anasazi's holding tank by truck. Hydro's water supply from its wells are more plentiful.
2 TWDA bills at disparate rates to its customers based on the customer's proximity and connection
3 to either supplier because the suppliers acquire their water and charge TWDA disparate rates in
4 the same fashion.

5 **Q. DOES TWDA HAVE ANY ACTUAL OR POTENTIAL COMPETITORS WHOSE**
6 **BUSINESS IS "CLOTHED WITH PUBLIC INTEREST"?**
7

8 A. In the certificated area, TWDA does not have any actual competitors, except that Hydro
9 and Anasazi are suppliers of the commodity, but do not bill customers directly. TWDA could
10 have potential competitors if a private owner drilled a permitted private well and began
11 supplying its own water.

12 V. CONCLUSION

13 **Q. ARE TWDA'S RATES, CHARGES AND METHODS OF OPERATION A**
14 **MATTER OF PUBLIC CONCERN?**
15

16 A. TWDA has never received any vociferous complaints about the rates it charges, even
17 though nine (9) of its thirty-six (36) customers pay higher rates. Water is logistically difficult
18 and costly to obtain in Tusayan, making a slightly higher rate a "fact of life" for Tusayan
19 residents and businesses. Because TWDA has operated efficiently for so long, it has had no
20 cause to impose publicly detrimental rates. Though it is possible that one or more customers
21 may perceive that TWDA's rates are unfair, I am not aware of any general public consensus that
22 the method of providing water service described is inadequate to meet the public's needs or
23 results in an unacceptable or unreasonable rate.

24 **Q. DO YOU HAVE ANY OTHER TESTIMONY RELATING TO THE ISSUES**
25 **DISCUSSED THAT YOU WOULD LIKE TO GIVE AT THIS TIME?**
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1 A. No. However, I would like to reserve the right to raise and/or comment upon these and
2 other issues in Rebuttal Testimony as the need arises due to additional discovery or based upon
3 my further review of the parties' testimony in this docket.

4 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

5 A. Yes, it does.

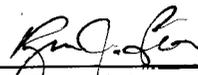
6 I hereby declare under penalty of perjury that the foregoing answers to questions on
7 direct testimony are true and correct to the best of my knowledge and belief.

8 DATED this 20 day of June 2011.

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10 
11 Christopher M. Brainard, CPA
12 6142 E. Friess Dr.
13 Scottsdale, Arizona 85254

14 RESPECTFULLY SUBMITTED this 20 day of June 2011.

15 **CLARK HILL PLC**

16 By: 
17 Russell A. Kolstrud
18 Ryan J. Lorenz
19 Attorneys for Tusayan Water
20 Development Association, Inc.

21 *+13 copies*
22 **ORIGINAL** of the foregoing filed
23 and delivered this 22 of June 2011, to:

24 Sarah N. Harpring
25 Administrative Law Judge
26 ARIZONA CORPORATION COMMISSION
27 1200 West Washington
28 Phoenix, Arizona 85007

29 **COPY** of the foregoing mailed
30 this 20 day of June, 2011, to:

31 Janice Alward, Chief Counsel

1 Legal Division
ARIZONA CORPORATION COMMISSION
2 1200 West Washington Street
3 Phoenix, AZ 85007

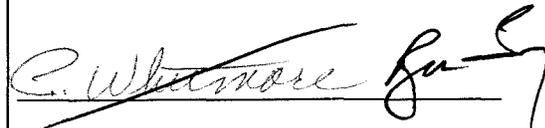
4 Steven M. Olea, Director
Utilities Division
5 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
6 Phoenix, AZ 85007

7 Paul L. Brinkmann
8 SHORALL MCGOLDRICK BRINKMANN
702 North Beaver
9 Flagstaff, AZ 85001
10 *Attorney for Anasazi Water Co., LLC*

11 Garry D. Hays
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12 1702 E. Highland Avenue, Suite 204
Phoenix, AZ 85016
13 *Attorney for Tusayan Ventures LLC*

14 Cynthia Seelhammer, Interim Town Manager
15 TOWN OF TUSAYAN
P.O. Box 709
16 Tusayan, AZ 86023

17 Steven A. Hirsch
18 Rodney W. Ott
BRYAN CAVE LLP
19 Two North Central Avenue, Suite 2200
Phoenix, AZ 85004-4406
20 *Attorneys for Hydro-Resources, Inc.*

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22 _____

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EXHIBIT 1

BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

1 BUD TIMS
Chairman
2 JIM WEEKS
Commissioner
3 STAN AKERS
Commissioner

17740

4 IN THE MATTER OF THE APPLICATION OF)
5 TUSAYAN WATER DEVELOPMENT ASSOCIATION,)
6 INC., AN ARIZONA NON-PROFIT PUBLIC)
7 SERVICE CORPORATION, FOR AN ORDER PRE-)
8 LIMINARY TO THE ISSUANCE OF A CERTIFICATE)
9 OF CONVENIENCE AND NECESSITY TO PRO-)
10 VIDE A DOMESTIC WATER SUPPLY TO THE)
11 RESIDENTS OF TUSAYAN, ARIZONA.)

DOCKET NO. U-2350

DECISION NO. 49808

OPINION AND ORDER

9 DATE OF HEARING: February 8, 1979
10 PLACE OF HEARING: Phoenix, Arizona
11 HEARING OFFICER: Andrew W. Bettwy
12 APPEARANCES: Mangum, Wall, Stoops & Warden, by Karl H. Mangum,
13 Attorneys for the Applicant
14 Barney Paulsen, Deputy Director, Utilities Division, for
15 the Arizona Corporation Commission

16 By an application dated December 7, 1978, Tusayan Water Development Association, Inc.
17 has applied for a certificate of convenience and necessity authorizing the provision of water
18 service as a public service corporation within the area described in the APPENDIX hereto.

19 As reflected in the application and by the testimony presented during the February 8, 1979
20 hearing, compliance with certain initial requirements of this Commission is dependent on the
21 outcome of negotiations with the Grand Canyon National Park for the purchase by contract
22 of certain waters.

23 On the basis of the record submitted in connection with the above-captioned matter, it
24 is the determination of this Commission that Tusayan Water Development Association, Inc.
25 is a fit and proper entity to receive a certificate of convenience and necessity from this
26 Commission authorizing the provision of water service within the area described in the
27 APPENDIX hereto and that the issuance of a certificate of convenience and necessity authoriz-
28 ing such service would be consistent with the best interest of the public.

29 We note that Coconino County's franchise has been received, except with respect to the
30 area described in the last paragraph of the APPENDIX hereto, and that Tusayan Water
31 Development Association, Inc. is in the process of seeking an appropriate franchise for that
32 area.

1 ACCORDINGLY, IT IS ORDERED: Subject to the receipt of the appropriate franchise
2 from Coconino County pertaining to the area described in the last paragraph of the APPENDIX
3 hereto, Tusayan Water Development Association, Inc.'s application for a certificate of con-
4 venience and necessity authorizing the provision of water service within the area described
5 in APPENDIX hereto is hereby granted.

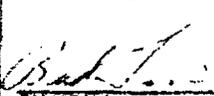
6 IT IS ORDERED FURTHER: This Decision shall constitute the certificate of convenience
7 and necessity contemplated herein.

8 IT IS ORDERED FURTHER: Prior to the commencement of the provision of water service
9 to its customers, Tusayan Water Development Association, Inc. shall comply with each and
10 every requirement of this Commission, including but not limited to the filing of a tariff and
11 the securing of appropriate Health Department approvals.

12 IT IS ORDERED FURTHER: Tusayan Water Development Association, Inc. shall at all
13 times do any and all things necessary to make appropriate disclosures to its customers, pre-
14 sent and future, regarding the rights of termination enjoyed by the Secretary of the Interior
15 which could jeopardize a continued supply of water to its customers.

16 IT IS ORDERED FURTHER: The Orders contained herein shall become effective
17 immediately.

18 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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21 CHAIRMAN

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21 COMMISSIONER

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21 COMMISSIONER

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23 IN WITNESS WHEREOF, I, G. C. ANDERSON, JR.
24 Executive Secretary of the Arizona Corporation
25 Commission, have hereunto set my hand and caused
26 the official seal of this Commission to be affixed at
27 the Capitol in the City of Phoenix, this 28th day
28 of March, 1979.

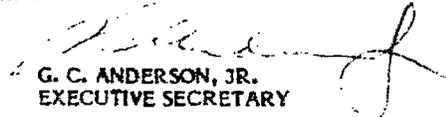
27 
28 G. C. ANDERSON, JR.
29 EXECUTIVE SECRETARY
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EXHIBIT "A"

That portion of Coconino County, Arizona, described as follows, to-wit:

Being within Section 23 and 24, T 30 N, R 2 E, G & S R B & M, Coconino County, Arizona, the coterminous exterior boundaries of the entire composite and consolidated territory lying within the following boundaries: Beginning at a point on the north line of said Section 24, said point of beginning being Corner No. 5 of Homestead Entry Survey No. 401 (hereinafter HES 401); thence S 14° W, 1574.76 feet to Corner No. 6, HES 401; thence S 27°30' W, 1769.46 feet; thence N 68°43' W, 656.70 feet to an easterly line of said HES 401; thence along said easterly line S 47°20' W., 593.73 feet to Corner 6-C, HES 401; thence southerly along the easterly boundary of Grand Canyon National Park Airport property 3061.29 feet to a corner of said airport property; thence S 40°40'07" W, 800 feet to a corner of said airport property; thence S 40°40'07" W, 11,515.33 feet to the most southerly corner of said airport property; thence N 49°19'53" W, 2,400 feet to the most westerly corner of said airport property; thence N 40°40'07" E, 15,993.57 feet to the most northerly corner of said airport property; thence N 49°47' W 471.21 feet to Corner 9, HES 401; thence N 48°20' W, 1198.56 feet to Corner 10, HES 401; thence N 48°20' W 1119.36 feet to Corner 11, HES 401; thence North, 330 feet to Corner 12, HES 401; thence S 58°50' E, 972.84 feet to Corner 1, HES 401; thence S 58°50' E, 1506.12 feet to Corner 2, HES 401; thence North 74°18' E, 1077.12 feet to Corner 3, HES 401; thence N 52°02' E, 2092.86 feet to Corner 4, HES 401; a point on said north line of Section 24; thence along said north section line, N 89°32' E, 458.70 feet to the point of beginning;

Together with MOQUI CAMP, lying within the Northeast Quarter of Section 13, and westerly of State Highway 64, and that portion of Grand Canyon National Park Airport lying within Sections 25 and 26, all in Township 30 North, Range 2 East, G & S R B & M, Coconino County, Arizona.

APPENDIX

EXHIBIT 2

BEFORE THE ARIZONA CORPORATION COMMISSION

1 BUD TIMS
Chairman
2 JIM WEEKS
Commissioner
3 JOHN AHEARN
Commissioner
4

5 IN THE MATTER OF THE APPLICATION OF)
TUSAYAN WATER DEVELOPMENT ASSOCIA-)
TION, INC., AN ARIZONA NON-PROFIT)
6 PUBLIC SERVICE CORPORATION, FOR AN)
ORDER PRELIMINARY TO THE ISSUANCE)
7 OF A CERTIFICATE OF CONVENIENCE TO)
PROVIDE A DOMESTIC WATER SUPPLY TO)
8 THE RESIDENTS OF TUSAYAN, ARIZONA.)

DOCKET NO. U-2350

DECISION NO. 50492

OPINION AND ORDER

9
10 BY THE COMMISSION:

11 On March 28, 1979, this Commission issued Decision No. 49808 in the
12 above-numbered and entitled matter, which granted an order preliminary to the
13 issuance of a certificate of convenience and necessity to Tusayan Water Develop-
14 ment Association, Inc. pending the filing of the appropriate franchise from
15 Coconino County pertaining to the area described in the last paragraph of the
16 APPENDIX hereto, which is required for the issuance of the certificate of
17 convenience and necessity.

18 As of the date of this order, the above-mentioned document has been filed,
19 and the Commission is of the opinion that the certificate of convenience and
20 necessity should be issued.

21 WHEREFORE IT IS ORDERED that this order shall constitute and be a certi-
22 ficate of convenience and necessity, pursuant to Section 40-281, Arizona Revised
23 Statutes, authorizing applicant herein to construct, operate and maintain a public
24 domestic water utility to serve water in the area described in the APPENDIX hereto.

25 IT IS FURTHER ORDERED that the remainder of Decision No. 49808 shall
26 remain in full force and effect.

27 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

28 
29 CHAIRMAN

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29 COMMISSIONER

28 
29 COMMISSIONER

30 IN WITNESS WHEREOF, I, G. C. ANDERSON, JR., Executive Secretary of the
31 Arizona Corporation Commission, have hereunto set my hand and caused
32 the official seal of this Commission to be affixed at the Capitol in
the City of Phoenix, this 15th day of December, 1979.

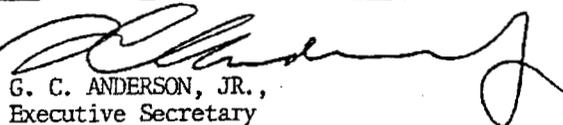

G. C. ANDERSON, JR.,
Executive Secretary

EXHIBIT "A"

That portion of Coconino County, Arizona, described as follows, to-wit:

Being within Section 23 and 24, T 30 N, R 2 E, G & S R B & M, Coconino County, Arizona, the coterminous exterior boundaries of the entire composite and consolidated territory lying within the following boundaries: Beginning at a point on the north line of said Section 24, said point of beginning being Corner No. 5 of Homestead Entry Survey No. 401 (hereinafter HES 401); thence $S 14^{\circ} W$, 1574.76 feet to Corner No. 6, HES 401; thence $S 27^{\circ}30' W$, 1769.46 feet; thence $N 68^{\circ}43' W$, 656.70 feet to an easterly line of said HES 401; thence along said easterly line $S 47^{\circ}20' W$, 593.73 feet to Corner 6-C, HES 401; thence southerly along the easterly boundary of Grand Canyon National Park Airport property 3061.29 feet to a corner of said airport property; thence $S 40^{\circ}40'07'' W$, 800 feet to a corner of said airport property; thence $S 40^{\circ}40'07'' W$, 11,515.33 feet to the most southerly corner of said airport property; thence $N 49^{\circ}19'53'' W$, 2,400 feet to the most westerly corner of said airport property; thence $N 40^{\circ}40'07'' E$, 15,993.57 feet to the most northerly corner of said airport property; thence $N 49^{\circ}47' W$ 471.21 feet to Corner 9, HES 401; thence $N 48^{\circ}20' W$, 1198.56 feet to Corner 10, HES 401; thence $N 48^{\circ}20' W$ 1119.36 feet to Corner 11, HES 401; thence North, 330 feet to Corner 12, HES 401; thence $S 58^{\circ}50' E$, 972.84 feet to Corner 1, HES 401; thence $S 58^{\circ}50' E$, 1506.12 feet to Corner 2, HES 401; thence North $74^{\circ}18' E$, 1077.12 feet to Corner 3, HES 401; thence $N 52^{\circ}02' E$, 2092.86 feet to Corner 4, HES 401; a point on said north line of Section 24; thence along said north section line $N 89^{\circ}32' E$, 458.70 feet to the point of beginning;

Together with MOQUI CAMP, lying within the Northeast Quarter of Section 13, and westerly of State Highway 64, and that portion of Grand Canyon National Park Airport lying within Sections 25 and 26, all in Township 30 North, Range 2 East, G & S R B & M, Coconino County, Arizona.

APPENDIX

EXHIBIT 3

TUSAYAN WATER DEVELOPMENT ASSOCIATION, INC

Schedule: A-1

**Title: Computation of Increase in
Gross
Revenue Requirements.**

Explanation:
 Schedule showing computation of Required For:
 increase in All Utilities Special Reqt.
 gross revenue requirements and Class A
 spread of revenue Class B
 increase by customer Class C
 classification. Class D

TWDA does not own any assets which could be reconstructed for purposes of this schedule.

Original Cost RCND

1. Adjusted Rate Base	\$ 0 (a)	\$ 0 (a)
2. Adjusted Operating Income	\$ 3,673 (b)	\$ -340 (b)
3. Current Rate of Return	0 %	0 %
4. Required Operating Income	\$ 0	\$ 0
5. Required Rate of Return	0 %	0 %
6. Operating Income Deficiency (4 - 2)	\$-3,673	\$ -340
7. Gross Revenue Conversion Factor		(c)
8. Increase in Gross Revenue Requirements (6 x 7)	\$ 0	
Customer Classification Projected Revenue Increase Due to Rates % Dollar Increase		
Residential	\$ 0 0 % (d)	\$ 0 0 %

Note: For combination utilities, the above information should be presented in total and by department.

Supporting Schedules:

- (a) B-1 (c) C-3
- (b) C-1 (d) H-1

**TUSAYAN WATER DEVELOPMENT
ASSOCIATION, INC**

Schedule: A-2

**Title: Summary Results of
Operations**

Explanation:
Schedule showing comparative operating results for the test year and the 2 fiscal years ended prior to the end of the test year, compared with the projected year.

Required For:

All Utilities Special Reqt.
 Class A
 Class B
 Class C
 Class D

Projected Year 2010

Prior Years Test Year Present Proposed

Description	Y/E 12/31/2008 (a)	Y/E 12/31/2009 Actual (b)	Adjusted Rates (c)
1. Gross Revenues	1,034,668	1,058,708	1,050,000
2. Revenue Deductions & Operating Expenses	1,030,714	1,059,047	1,050,000
3. Operating Income \$	3,954	\$ -340	\$ 0
4. Other Income and Deductions			
5. Interest Expense	0	0	0
6. Net Income \$	3,954	\$ -340	\$ 0
7. Earned Per Average Common Share*		0	
8. Dividends Per Common Share*		0	
9. Payout Ratio*		0	
10. Return on Average Invested Capital		0	
11. Return on Year End Capital		0	
12. Return on Average Common Equity		0	
13. Return on Year End Common Equity		0	
14. Times Bond Interest Earned -Before Income Taxes		0	
15. Times Total Interest and Preferred Dividends Earned - After Income Taxes		0	

Supporting Schedules: *Optional for projected year

(a) E-2

(b) C-1

(c) F-1

**TUSAYAN WATER DEVELOPMENT
ASSOCIATION, INC**

Schedule: A-3

Title: Summary of Capital
Structure

Explanation:

Schedule showing comparative capital structures for the last 3 historical years, including the test year, and the projected year.

Required For:

All Utilities
Class A
Class B
Class C
Class D

Special Reqt.

	Prior Years	Test Year	Projected Year
Description At	12/31/08(a)	12/31/09(a)	12/31/10(c)
1. Short-Term Debt	0	0	0
2. Long-Term Debt	0	0	0
3. TOTAL DEBT \$	0	\$ 0	\$ 0
4. Preferred Stock	0	0	0
5. Common Equity	0	0	0
6. Total Capital	\$ 22,881	\$ 22,541	\$ 22,541
Capitalization Ratios:			
7. Short-Term Debt	0	0	0
8. Long-Term Debt			
9. TOTAL DEBT	0 %	0 %	0 %
10. Preferred Stock			
11. Common Equity	0	0	0
12. Weighted Cost of Short-Term Debt	0 %	0 %	0 %
13. Weighted Cost of long-Term Debt	0 %	0 %	0 %
14. Weighted Cost of Senior Capital	0 %	0 %	0 %

Supporting Schedules:(a) E-1,(b) D-1

TUSAYAN WATER DEVELOPMENT ASSOCIATION, INC

Schedule: A-4

**Title: Construction
Expenditures and Gross
Utility Plant in Service**

Explanation:

Schedule showing construction expenditures, plant placed in service and gross utility plant in service for the test year and the 2 fiscal years ended prior to the end of the test year, compared with the projected year.

Required For:

All Utilities Special Regmt.
Class A
Class B
Class C
Class D

TWDA does not own any property, plant or equipment.

Construction Net Plant Placed Gross Utility
Expenditures In Service Plant In Service

Year	(a)	(b)
1. 2008	\$ 0	
2. 2009	\$ 0	
3. Test Year	0	
4. Projected Year	0	
5. Projected *	0	
6. Projected *	0	

*** Required only for Class A and B Utilities**

NOTE: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:

(a) F-3
(b) E-5

**TUSAYAN WATER DEVELOPMENT
ASSOCIATION, INC**

Schedule: A-5

**Title: Summary Changes In
Financial
Position**

Required For:

All Utilities Special Reqt.
 Class A
 Class B
 Class C
 Class D

Explanation:
 Schedule showing sources and application
 of funds in summary format.

Test Projected	2010		
Year Present Proposed			
Prior Years	Rates	Rates	
Description	Y/E 12/31/08	Y/E 12/31/09	Y/E 12/31/10 (b)
Sources of Funds:			
1. Operations	\$ 3,673	\$ -340	\$ 0
2. Outside Financing	0	0	0
3. Total Funds Provided	\$ 0	\$ 0	\$ 0
Application of Funds:			
4. Construction Expenditures	\$ 0	\$ 0	\$ 0
5. Other	0	0	0
6. Total Funds Applied	\$ 0	\$ 0	\$ 0

Supporting Schedules:

- (a) E-3
- (b) F-2

TUSAYAN WATER DEVELOPMENT ASSOCIATION, INC

Schedule: B-1

**Title: Summary of Original Cost
and RCND
Base Elements**

Required For:

Explanation:
Schedule showing elements of adjusted
original cost and RCND rate bases.

All Utilities Special Reqt.
 Class A
 Class B
 Class C
 Class D

TWDA has no property, plant or equipment

Original Cost RCND

Rate Rate

Base* Base*

1. Gross Utility Plant in Service \$	0	\$	0
2. Less: Accumulated Depreciation	0		0
3. Net Utility Plant in Service \$ (a)	0	\$ (b)	0
Less:			
4. Customers' Advances for Construction (c)	0	(c)	0
5. Contributions in Aid of Construction	0	(c)	0 (c)
Add:			
6. Allowance for Working Capital (d)	0	(d)	0
7. Total Rate Base \$	0 (e)	\$	0 (e)
* Including pro forma adjustments	0		0

Note: For combination utilities, above information should be presented in total and by department.

Supporting Schedules: Recap Schedules:

- (a) B-2 (d) B-5 (e) A-1
- (b) B-3
- (c) E-1

**TUSAYAN WATER DEVELOPMENT
ASSOCIATION, INC**

**Schedule: B-2
Title: Original Cost Rate
Base Pro forma
Adjustments**

Explanation:
Schedule showing pro forma adjustments to gross plant in service and accumulated depreciation for the original cost rate base.

Required For:

All Utilities Special Regmt.
 Class A
 Class B
 Class C
 Class D

Actual Adjusted
at End of at End of
Test Year Pro forma Adjustments Test Year
(a) A B Z (b)

1. Gross Utility Plant in Service	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2. Less: Accumulated Depreciation	0	0	0	0	0
3. Net Utility Plant in Service	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

All pro forma adjustments should be adequately explained on this schedule or on attachments hereto.

Note: For combination utilities, above information should be presented in total and by department.

Supporting Schedules: Recap Schedules:
(a) E-1 (b) B-1

**TUSAYAN WATER DEVELOPMENT
ASSOCIATION, INC**

Schedule: B-3

**Title: RCND Rate Base Pro
forma
Adjustments**

Explanation:
Schedule showing pro forma adjustments to
*gross plant in service and accumulated
depreciation for the RCN rate base.*

Required For:

All Utilities Special Reqt.
Class A
Class B
Class C
Class D

Actual Adjusted
at End of at End of
Test Year Pro forma Adjustments Test Year
(a) A B Z (b)

1. Gross Utility Plant in Service	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2. Less: Accumulated Depreciation	0	0	0	0	0
3. Net Utility Plant in Service	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

All pro forma adjustments should be adequately explained on this schedule or on
attachments hereto.

Note: For combination utilities, above information should be presented in total and by
department.

Supporting Schedules: Recap Schedules:
(a) B-4 (b) B-1

**TUSAYAN WATER DEVELOPMENT
ASSOCIATION, INC**

Schedule: B-4

**Title: RCND by Major Plant
Accounts**

Explanation:
Schedule showing the determination of
Reproduction Cost New Less
Depreciation at end of Test Period.

Required For:

All Utilities Special Reqt.
Class A
Class B
Class C
Class D

Plant Condition
Account Description RCN Percent RCND
 0 0 0
Total (a) 0 0 0

Note: For combination utilities, above information should be presented in total and by department.

Supporting Schedules: Recap Schedules:
RCND Study a) B-3

**TUSAYAN WATER
DEVELOPMENT ASSOCIATION,
INC**

Schedule: B-5

**Title: Computation of Working
Capital**

Required For:

Explanation:
Schedule showing computation of
working capital allowance.
Amount

All Utilities Special Requt.
Class A
Class B
Class C
Class D

1. Cash working capital \$ 0
2. Materials and Supplies Inventories (a) 0
3. Prepayments 0 (a)
4. Total Working Capital Allowance \$ 0 (b)

NOTES:

1. Adequate detail should be provided to determine the bases for the above computations.
2. Adjusted test year operating expenses should be used in computing cash working capital requirements.
3. Combination utilities should compute working capital allowances for each department.

Supporting Schedules: Recap Schedules:

(a) E-1 b) B-1

**TUSAYAN WATER DEVELOPMENT
ASSOCIATION, INC**

Schedule: C-1

**Title: Adjusted Test Year
Income Statement**

Explanation:
Schedule showing statement of income
for the test year, including pro forma
adjustments.

Required For:

All Utilities Special Reqt.
 Class A
 Class B
 Class C
 Class D

(a) Test Year

	Actual Results For The	After	Test Year Pro forma	Pro forma
	Description	Ended	Adjustments	Adjustments
Revenues:	\$ 1,034,668	\$ 1,058,708	\$ 1,050,000	
Expenses:	1,030,995	1,059,048	1,050,000	
Operating Income	\$ 3,673	\$ -340	\$ 0	(c)
Net Income	\$ 3,673	\$ -340	\$ 0	

Note: For combination utilities, above information should be presented in total and by department.

Supporting Schedules: Recap Schedules:

(a) E-2 (c) A-1

(b) C-2

**TUSAYAN WATER DEVELOPMENT
ASSOCIATION, INC**

Schedule: C-2

**Title: Income Statement Pro
forma
Adjustments**

Required For:

Explanation:
Schedule itemizing pro forma adjustments
to the test year income statement.

All Utilities Special Reqt.
Class A
Class B
Class C
Class D

**TWDA is not requesting a rate increase but rather filing the initial rates with the
ACC. No adjustments have been made.**

Total (a)		
Description	A	B Z Adjustments
Revenues:	\$ 1,034,668	\$ 1,058,708
Expenses:	1,030,995	1,059,048
Operating Income	3,673	-340
Net Income	3,673	-340

**Note: All pro forma adjustments should be adequately explained on this schedule or on
attachments thereto.**

**Supporting Schedules: Recap Schedules:
(a) C-1**

**TUSAYAN WATER DEVELOPMENT
ASSOCIATION, INC**

Schedule: C-3

**Title: Computation of Gross
Revenue
Conversion Factor**

Explanation:

Schedule showing incremental taxes on gross revenues and the development of a gross revenue conversion factor.

Required For:

All Utilities Special Reqmt.
Class A
Class B
Class C
Class D

TWDA is a not for profit organization and is not subject to income taxes.

Percentage of
Incremental

Description Gross Revenues

Federal Income Taxes % 0

State Income Taxes 0

Other Taxes and Expenses: (Specify): n/a

Total Tax Percentage 0%

Operating Income % = 100% - Tax Percentage

1 = Gross Revenue Conversion Factor

Operating Income % 100

Note: All tax percentages shall include the effect of other taxes upon the incremental rate.

The applicant may use other formulas in
developing the conversion factor.

Supporting Schedules: Recap Schedules:

A-1

**TUSAYAN WATER DEVELOPMENT
ASSOCIATION, INC**

Schedule: D-1

**Title: Summary Cost of
Capital**

Explanation:
Schedule showing elements of capital
structure
and the related cost.

Required For:

All Utilities Special Reqt.
Class A
Class B
Class C
Class D

TWDA has no debt - short term or long term and no preferred or common stock.

End of Test Year	End of Projected Year
Cost Com- Rate posite	Cost Com- Rate posite
Invested Capital Amount % (e)	Cost Amount % (e) Cost
Long-Term Debt	(a) \$ 0
Preferred Stock	(b) 0
Common Equity	(c) 0

Short Term Debt (a) 0

Supporting Schedules: Recap Schedules:

- (a) D-2 (e) A-3
- (b) D-3
- (c) D-4
- (d) E-1

**TUSAYAN WATER DEVELOPMENT
ASSOCIATION, INC**

Schedule: E-1

**Title: Comparative Balance
Sheet**

Explanation:
Schedule showing comparative balance sheets
at the end of the test year and the 2 fiscal
years ended prior to the test year.

Required For:

All Utilities Special Reqmt.
 Class A
 Class B
 Class C
 Class D

TWDA has no property, plant or equipment the only assets are a small amount of cash and receivables; the only liabilities are sales tax liabilities and amounts due to the companies that sell water to TWDA.

Test Year	Prior Year	Prior Year		
ASSETS	At	12/31/07	At 12/31/08	At 12/31/09
Property, plant & equipment: (a)	\$ 0	\$ 0	\$ 0	\$ 0
Current Assets:				
Cash	\$ 19,760	\$ 24,672	\$ 23,797	\$ 23,797
Accounts Receivable	109,109	101,348	\$ 94,041	\$ 94,041
LIABILITIES and STOCKHOLDERS' EQUITY				
Capitalization: (b)	\$ 19,208	\$ 22,881	\$ 22,541	\$ 22,541
Current Liabilities:				
Accounts Payable	\$ 109,661	\$ 103,139	\$ 95,297	\$ 95,297

Supporting Schedules: Recap Schedules:
(a) E-5 (b) A-3

**TUSAYAN WATER DEVELOPMENT
ASSOCIATION, INC**

Schedule: E-2

**Title: Comparative Income
Statements**

Explanation:

Schedule showing comparative income statements for the test year and the 2 fiscal years ended prior to the test year.

Required For:

All Utilities Special Reqt.
 Class A
 Class B
 Class C
 Class D

	12/31/08	12/31/09
Revenues: (a)	\$ 1,034,668	\$1,058,708
Operating Expenses: (a)	1,030,995	1,059,048
Operating Income (a)	\$ 3,673	\$ -340
Other income and deductions:	0	0
Interest	0	0
Net Income	\$ 3,673	\$ -340
Preferred Dividends	<u>0</u>	<u>0</u>
Earnings Available for Common Stock	<u>0</u>	<u>0</u>
Earnings Per Share of Average Common	0	0
Stock Outstanding	<u>0</u>	<u>0</u>

Supporting Schedules: Recap Schedules:
(a) E-6 A-2

**TUSAYAN WATER DEVELOPMENT
ASSOCIATION, INC**

Schedule: E-7

Title: Operating Statistics

Explanation:

Schedule showing key operating statistics in comparative format, for the test year and the 2 fiscal years ended prior to the test year.

Required For:

All Utilities Special Reqm.
 Class A
 Class B
 Class C
 Class D

Test Year	Prior Year	Prior Year	
Water Statistics	Ended12/07	Ended12/08	Ended12/09

Water Statistics:

Gallons Sold-By Class of Service

Avg. No. of Customers-By Class of Service

Residential	5	5	5
Commercial	31	31	31
Avg. Annual Gallons Per Residential Customer	35,672	33,722	19,128
Avg. Annual Revenue Per Residential Customer	827	772	476
Pumping Cost Per 1,000 Gallons	0	0	0
Cost to purchase water per 1,000 gallons	22.50	22.50	24.50

Note - TWDA does not own any pumping equipment the cost to purchase 1,000 gallons is \$24.50 if the customer is connected to the Hydro Resources distribution system and \$55.00 per 1,000 gallons if connected to the Anasazi distribution system. The price of water is the same for residential and commercial customers.

**TUSAYAN WATER DEVELOPMENT
ASSOCIATION, INC**

Schedule: E-8

**Title: Taxes Charged to
Operations**

Explanation:

A schedule showing all significant taxes charged to operations for the test year and the 2 fiscal years ended prior to the test year.

Required For:

All Utilities Special Reqmt
 Class A
 Class B
 Class C
 Class D

TWDA is a not for profit organization and is not subject to income taxes.

	Ended12/07	Ended12/08	Ended12/09
Federal Taxes:	\$ 0	\$ 0	\$ 0
State Taxes	\$ 0	\$ 0	\$ 0
Local Taxes:	\$ 0	\$ 0	\$ 0
Total Taxes	\$ 0	\$ 0	\$ 0

NOTE: For combination utilities, the above should be presented in total and by department.

Supporting Schedules: Recap Schedules:

**TUSAYAN WATER DEVELOPMENT
ASSOCIATION, INC**

Schedule: E-9

**Title: Notes to Financial
Statements**

Explanation:

Disclosure of important facts pertaining to the understanding of the financial statements.

Required For:

All Utilities Special Reqt.
Class A
Class B
Class C
Class D

Disclosures should include, but not be limited to the following:

1. Accounting method. TWDA reports using the accrual method of accounting.
2. Depreciation lives and methods employed by major classifications of utility property. TWDA does not own any fixed assets. There is no depreciation to report.
3. Income tax treatment - normalization or flow through. TWDA is a not for profit organization and is not subject to income taxes.
4. Interest rate used to charge interest during construction, if applicable. TWDA has not constructed any buildings, distribution lines, etc and has no fixed assets.
5. Residential customers include only the customers who receive a separate bill. Most of the town's citizens reside in dormitories or mobile home parks and the meters are read by their employers. The amount charged for these residences are included in the water bill for the employer.
6. There are two separate water distribution systems in Tusayan. The system to which the customer is connected dictates which company provides their potable water. TWDA does not have any ownership or rights to the system or the distribution lines.

Supporting Schedules: Recap Schedules:

**TUSAYAN WATER DEVELOPMENT
ASSOCIATION, INC**

**Schedule: F-1
Title: Projected Income
Statements - Present
and Proposed Rate**

Explanation:
Schedule showing an income statement for the projected year, compared with actual test year results, at present rates proposed rates.

Required For:

All Utilities Special Reqt.
 Class A
 Class B
 Class C
 Class D

TWDA is not proposing an increase in rates.

Projected Year
At Present
Actual Rates

	Test Year Ended 12/08 (a)	Year Ended 12/09 (b)
Revenues:	\$ 1,034,668	\$ 1,058,708
Operating Expenses:	1,030,714	
Operating Income	\$ 3,954	\$ -340
Interest	0	0
Net Income	\$ 3,954	\$ -340
Earnings per share of average Common Stock Outstanding	n/a \$ none	
% Return on Common Equity	n/a	

Supporting Schedules: Recap Schedules:
(a) E-2 (b) A-2

**TUSAYAN WATER DEVELOPMENT
ASSOCIATION, INC**

**Schedule: F-3
Title: Projected
Construction Requirements**

Explanation:
Schedule showing projected annual construction requirements, by property classification, for 1 to 3 years subsequent to the test year compared with the test year.

Required For:

<i>All Utilities</i>	<input type="checkbox"/>	<i>Special Reqmt</i>	<input type="checkbox"/>
Class A	<input type="checkbox"/>	3 yrs.	
Class B	<input type="checkbox"/>	projected	
Class C	<input type="checkbox"/>	1 yrs.	
Class D	<input type="checkbox"/>	projected	

TWDA owns no property, plant or equipment and is not planning any construction.

NOTE: For combination utilities, the above should be presented by department.

Supporting Schedules: Recap Schedules:
(a) F-2 & A-4

**TUSAYAN WATER
DEVELOPMENT ASSOCIATION,
INC**

Schedule: H-3

**Title: Changes In Representative
Rate Schedules**

Explanation:
Schedule(s) comparing present rate
schedules
with proposed rate schedule.

Required For:

All Utilities	<input type="checkbox"/>	Special Regmt.	<input type="checkbox"/>
Class A	<input checked="" type="checkbox"/>	Representative Schedules	
Class B	<input type="checkbox"/>		
Class C	<input type="checkbox"/>	All Schedules	
Class D	<input type="checkbox"/>		

Rates for all customers are as follows:

Hydro Water Distribution System
Anasazi Water Distribution System

24.50 per 1,000 gallons
55.00 per 1,000 gallons

No rate increase is being requested.

ARIZONA CORPORATION COMMISSION
REGULATION R14-2-103
APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: H-4
Title: Typical Bill
Analysis

Explanation:
Schedule(s) comparing typical customer bills at
varying consumption levels at present and
proposed rates.

Required For:

All Utilities	<input checked="" type="checkbox"/>	Special Reqt.	<input type="checkbox"/>
Class A	<input type="checkbox"/>		
Class B	<input type="checkbox"/>		
Class C	<input type="checkbox"/>		
Class D	<input type="checkbox"/>		

No rate increase is requested. A sample bill from each water distribution
system is attached.

**TUSAYAN WATER DEVELOPMENT
ASSOCIATION, INC**

**Schedule: H-5
Title: Bill Count**

Explanation:
Schedule(s) showing billing activity by block
for
each rate schedule.

Required For:

All Utilities Special Regmt.
Class A
Class B
Class C
Class D

Rate Schedule:

Description:

Number of Bills by Consumption Cumulative Bills Cumulative Consumption

Average Number of Customers 36 using a total of 33,977,000 gallons

Average Consumption 943,806

These statistics are misleading due to the size and make up of the community. There are a small number of residential units and five large hotels.

Tusayan Water Development Assn.

P.O. Box 520
Grand Canyon, AZ 86023

Invoice

DATE	INVOICE NO.
4/15/2010	6041

BILL TO
HYDRO RESOURCES 12515 WILLOWS ROAD NE SUITE 200 KIRKLAND, WA 98034

TERMS	DUE DATE
	4/15/2010

DESCRIPTION	GALLONS / UNITS	RATE	AMOUNT
WATER BILLING BASED ON 10,000 GALLONS FOR HYDRO DISTRIBUTION SYSTEM			
WATER	10,000	0.0245	245.00
TWDA FEE	10,000	0.0004	4.00
SALES TAX		6.725%	16.48
Total			\$265.48

Tusayan Water Development Assn.

P.O. Box 520

Grand Canyon, AZ 86023

Invoice

DATE	INVOICE NO.
4/15/2010	6041

BILL TO
ANASAZI WATER CO. 620 WEST MEADE WILLIAMS, AZ 86046

TERMS	DUE DATE
Net 30	5/15/2010

DESCRIPTION	GALLONS / UNITS	RATE	AMOUNT
WATER BILLING BASED ON 10,000 GALLONS FOR ANASAZI DISTRIBUTION SYSTEM			
WATER	10,000	0.055	550.00
TWDA FEE	10,000	0.0004	4.00
SALES TAX		6.725%	36.99
Total			\$590.99