

ORIGINAL



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ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

**BEFORE THE ARIZONA CORPORATION COMMISSION**

**COMMISSIONERS**

11 GARY PIERCE, CHAIRMAN  
 12 PAUL NEWMAN  
 13 SANDRA D. KENNEDY  
 14 BOB STUMP  
 15 BRENDA BURNS

Arizona Corporation Commission  
**DOCKETED**

JUL - 1 2011

DOCKETED BY 

**IN THE MATTER OF THE  
APPLICATION OF CERBAT WATER  
COMPANY FOR A RATE INCREASE**

DOCKET NO. W-02391A-10-0218  
W-02391A-11-0166

**IN THE MATTER OF STAFF'S  
REQUEST FOR THE COMMISSION  
ISSUANCE OF AN ORDER TO SHOW  
CAUSE FOR THE FAILURE OF  
CERBAT WATER COMPANY TO  
COMPLY WITH COMMISSION  
RULES AND REGULATIONS**

**NOTICE OF MAILING OF PUBLIC  
NOTICES**

Cerbat Water Company ("Company"), hereby submits this notice of mailing of the public notices of the two surcharges approved by the Arizona Corporation Commission as well as correspondence from the Company explaining the reasons for the surcharges.

1 An affidavit verifying the Company mailed these documents to each known customer the  
2 by First Class U.S. Mail on June 30, 2011 is set forth in Exhibit 1.

3  
4 RESPECTFULLY SUBMITTED this 1<sup>st</sup> day of July, 2011.

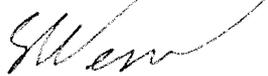
5 **MOYES SELLERS LTD.**

6 

7  
8 Steve Wene

9 Original and 15 copies filed  
10 this 1<sup>st</sup> day of June, 2011 with:

11 Docket Control  
12 Arizona Corporation Commission  
13 1200 West Washington  
14 Phoenix, Arizona 85007

15 

# **EXHIBIT 1**



# **ATTACHMENT A**

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# Cerbat Water Company

7313 E. Concho Dr., Suite B Kingman, AZ 86401

(928)757-2205 phone (928) 757-2217 fax

June 27, 2011

Dear Customer,

Lately you have received multiple notices from Cerbat Water Company. Some of you are probably wondering what it all means now and for your future water service. We felt it was important to send our customers a letter to attempt to explain the notices and what changes you might expect. Please see enclosed Customer Notices.

The source of your water comes from a single well. Over the last eighteen months there have been multiple failures with the Cerbat well, the last one happening May 26, 2011. If there is a failure the backup source is currently the City of Kingman. When Cerbat Water Company has to buy water from the City of Kingman in the event of a failure, they have to pay approximately twice as much as Cerbat Water Company charges you the customer.

The ACC recently approved two surcharges, the first is a **Well Repairs Surcharge** for \$12.52 which will be in effect for three years or until the repair costs have been met. The second, a one time **Emergency Water Surcharge** to recover the cost of water purchased from the City of Kingman during the May 26, 2011 well failure. A breakdown of the calculation method to be use on your next billing was sent to you on June 3, 2011. Please see the enclosed **Notice of Well Repairs Surcharge and Emergency Water Surcharge Mechanism**. If you have any questions with respect to this surcharge mechanism please feel free to contact us at 928-757-2205 and one of our representatives will assist you. In your July bill you will see the cost of your monthly water usage along with the well repair surcharge billing.

Water service, not unlike any other utility should be safe, reliable, dependable and consistent. We want to apologize for the well failures and want you to know that we do everything we can to prevent an interruption in service in the event of a failure. Currently all repairs have been made and all operations are normal.

Our goal is to install a backup well with the approval of the ACC. This would allow the Cerbat Water Company to have redundancy and prevent Cerbat Water Company from having to purchase water from an outside source in the case of an emergency. You the customer would then have multiple water sources and most likely not be impacted in the unlikely event of a well failure.

We will continue to strive to bring you reliable, affordable water and do our best to serve you our valued customer.

Respectfully,

Cerbat Water Company

# **NOTICE OF SURCHARGE**

**\*Well Repairs Surcharge\***

**CERBAT WATER COMPANY, INC.**

**Docket Nos. W-0291A-10-0218 & W-02391A-11-0166**

On May 27, 2011, the Arizona Corporation Commission approved an Emergency Surcharge in Decision No. 72385 for \$12.52 per customer per month to pay for the cost of well repairs incurred by Cerbat Water Company of \$119,444. The \$12.52 surcharge will be reflected on your next billing and will remain in effect for three years or until the \$119,444 is fully paid.

The new surcharge will become effective on July 1, 2011.

**MONTHLY SURCHARGE (Well Repair Surcharge) - \$12.52**

Questions regarding this notice should be directed to Cerbat Water Company during normal business hours at 928-757-2205.

**NOTICE OF IMPLEMENTATION OF  
EMERGENCY WATER SURCHARGE MECHANISM  
BY CERBAT WATER COMPANY  
DOCKET NOS. W-02391A-10-0218 & W-02391A-11-0166**

On June 16, 2011, the Arizona Corporation Commission approved an Emergency Water Surcharge Mechanism.

The following is an example of how the surcharge will be calculated for your bill. The exact amount of the surcharge will depend on how much water is purchased from the City, how much total water is sold by Cerbat in the month, and how much water you, as an individual ratepayer, consumed in the month.

**EMERGENCY WATER PURCHASE SURCHARGE MECHANISM<sup>1</sup>**

1. Cost of Purchased Water from the City in May and June 2011	<b>\$3,325</b>
2. Total Quantity of Water Sold by Cerbat in June 2011 (1,000 gallons)	<b>B</b>
3. Cost per 1,000 gallons of Purchased Water from the City in May and June 2011 ( $\$3,325 \div B = C$ )	<b>C</b>
4. Quantity of Water billed to Customer in June 2011 (1,000 gallons)	<b>D</b>
5. Emergency Water Purchase Surcharge billed to Customer in July 2011 ( $C \times D = E$ )	<b>E</b>

**EXAMPLE**

**SAMPLE CALCULATION OF EMERGENCY WATER PURCHASE SURCHARGE**

1. Cost of Purchased Water from the City of Kingman in May and June 2011	\$3,325
2. Total Quantity of Water Sold in June 2011 (1,000 gallons)	2,800
3. Cost per 1,000 gallons of Purchased Water from the City of Kingman in May and June 2011	\$ 1.19
4. Quantity of Water billed to Customer in June 2011 (5,468/1,000 gallons)	5.468
5. Emergency Water Purchase Surcharge billed to Customer in July 2011	\$ 6.51

<sup>1</sup>The Emergency Water Purchase Surcharge will only be valid for water purchased from the City of Kingman due to this specific pump failure. This will be a one time charge.

**NOTE:** This surcharge is **in addition** to the \$12.52 surcharge approved by the Arizona Corporation Commission in Decision No.72385.

Questions should be directed to Cerbat Water Company at **928-757-2205**.