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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

Arizona Corporation Commission
DOCKETED
JUL 25 2011
DOCKETED BY ne

IN THE MATTER OF THE APPLICATION OF PARK WATER COMPANY, INC. FOR APPROVAL OF A RATE INCREASE.

DOCKET NO. W-02353A-10-0242

DECISION NO. 72487

ORDER

Open Meeting
July 12 and July 13, 2011
Phoenix, Arizona

BY THE COMMISSION:

* * * * * * * * * *

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

FINDINGS OF FACT

A. Procedural History

1. On June 15, 2010, Park Water Company, Inc. ("Park Water" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for an increase in its water rates and charges, using a test year ending December 31, 2009. Park Water's application requests an increase of $26,319 or 37.50 percent over total test year revenues of $70,191.

2. On July 14, 2010, the Commission's Utilities Division ("Staff") filed a Letter of Deficiency stating that Park Water's application had not met the sufficiency requirements as outlined in the Arizona Administrative Code ("A.A.C.").

3. On July 29, 2010, and August 19, 2010, Park Water filed responses to Staff's Letter of Deficiency and Data Request.

4. On August 26, 2010, Staff filed a Letter of Sufficiency in this docket stating that Park Water's application had met the sufficiency requirements as outlined in A.A.C. R14-2-103 and that Park Water has been classified as a Class D utility.

5. On September 29, 2010, Park Water filed a Request for Extension of Time. The Company requested an additional 60 days to submit supplemental documentation related to the plant that was financed with the Water Infrastructure Finance Authority of Arizona ("WIFA") emergency surcharge approved in Decision No. 71421 (December 8, 2009). The Company stated that completion of the plant was imminent and that the plant would be placed into service as soon as the required testing and Arizona Department of Environmental Quality ("ADEQ") approvals were obtained.

6. On October 20, 2010, the Company filed an amended request for an extension of time requesting waiver of the time clock so that the Company could complete the plant needed and obtain the required testing and ADEQ approvals. Park Water's amended request stated that the Company needed the cash flow that will be generated from the plant to help pay for the WIFA loan requirements as well as to pay for unforeseen emergencies. Staff indicated that it did not object to the Company's request to waive the time clock.

7. On October 22, 2010, by Procedural Order, a Procedural Conference was scheduled for November 8, 2010, to discuss the approximate timeframe for the Company to file its supplemental documentation and, given the timeframe for filing the additional information, whether the 2009 test year was appropriate. The Procedural Order temporarily suspended the time clock.

8. On November 8, 2010, the Procedural Conference was held as scheduled. Staff appeared through counsel and Patricia O'Connor, President of Park Water appeared telephonically on behalf of the Company. During the Procedural Conference, Ms. O'Connor stated that she believed the Company would provide Staff with the supplemental documentation within a week and that all testing, and ADEQ approvals would be completed within the next 30 days. Based on the timeframe described by the Company, Staff stated that using the 2009 test year would save the Company two to three months administrative review; that Staff believed the 2009 and 2010 test year numbers would be similar; and that the 2009 test year was still appropriate. At the conclusion of the Procedural

Conference, Staff was directed to make a filing updating the Commission on the status of Staff's review of the Company's supplemental documentation within the next 30 days.

9. On November 9, 2010, by Procedural Order, Staff was ordered to file a Status Report updating the Commission on Staff's review of the Company's supplemental documentation by December 10, 2010.

10. On December 10, 2010, Staff filed a Status Report stating Park Water had failed to include with its supplemental filing all supporting documentation (invoices) for the new plant put into service. Except for the missing invoices, Staff stated the supplemental filings by the Company were sufficient. Staff recommended that the Staff Report in this matter be filed 60 days after Staff received the remaining missing documentation.

11. On January 5, 2011, by Procedural Order, Staff was ordered to file a Staff Report in this matter within 60 days of receiving all remaining documentation related to Park Water's new plant. Staff was also directed to file notice, within ten days of receipt of all the remaining documentation.

12. On February 22, 2011, Staff filed notice that all missing documentation had been received from Park Water as of February 10, 2011. Staff requested that the timeclock be restarted.

13. On April 11, 2011, Staff filed a Staff Report on Park Water's application. Staff recommended approval of the rate increase using Staff's recommended rates and charges. Staff also recommended that Park Water be required to re-notice its customers regarding Staff's proposed rates and charges.

14. On April 28, 2011, by Procedural Order, Staff's request to restart the timeclock was granted.

15. On May 4, 2011, Staff filed a Notice of Errata correcting information contained in the Staff Report.

16. On May 27, 2011, by Procedural Order, Park Water was directed, by June 13, 2011, to re-notice its customers of Staff's recommended rates and charges.

17. On June 14, 2011, Park Water filed a Certificate of Mailing and Posting of Public Notice, stating that on June 11, 2011, the Company sent via U.S. Mail, public notice to each of its

customers showing Staff's and the Company's proposed rates and charges and certifying that the public notice of the proposed rates and charges had been posted in a conspicuous area in Park Water's offices.

18. On June 16 and 20, 2011, two opinions were docketed opposing the rate increase.[1]

B. Background

19. Pursuant to authority granted by the Commission, Park Water is a for-profit, Class D utility, engaged in the business of providing water service to approximately 133 metered customers in the vicinity of Florence, Arizona, in Pinal County.

20. Park Water's service area is located approximately 10 miles southeast of Florence and encompasses approximately two square miles.

21. Park water is currently operating under rates and charges authorized in Decision No. 67165 (August 10, 2004).

22. Park Water's existing water system is comprised of two wells, three storage tanks with a combined storage capacity for 52,000 gallons; three booster pumps; two pressure tanks; and a five and one half mile distribution system serving 133 metered customers.[2]

23. After filing of its rate application, the Company constructed a new well (South Well #2), which is pumping 110 GPM.[3] The Company's booster system was also modified and construction of the new well and booster system was completed in October and November 2010, respectively.[4]

24. ADEQ issued a Certificate of Approval of Construction for the new well and booster system on January 20, 2011.[5] On March 2, 2011, Staff inspected the new well and booster system and confirmed that they were operational.[6] Based on the ADEQ approvals, and the field inspection, Staff determined that post test year plant is used and useful for the provision of service to customers.[7]

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[1] Between January 1, 2008, and March 23, 2011, two complaints were lodged with the Commission regarding the Company's quality of service, billing, and one opinion opposing the rate case. The Commission's Consumer Services Division states the complaints have been resolved and are closed.
[2] Staff Engineering Report at 4.
[3] Id.
[4] Id.
[5] Staff Engineering Report at 7.
[6] Id.
[7] Id.

25. Park Water's wells have a combined source capacity of 176 GPM and Staff concluded that the water system has adequate storage and capacity to serve its present customers as well as reasonable growth in the future.[8]

26. During the test year, Park Water reported that it pumped 14,506,700 gallons of water and sold 12,120,081 gallons, resulting in a 16.4 percent water loss.[9]

27. Staff recommends that the Company submit a water loss reduction report containing a detailed analysis and plan to reduce the water loss to 10 percent or less. Staff further stated that, if the Company believes it is not cost effective to reduce the water loss to less than 10 percent, it should submit a detailed cost benefit analysis in support of its position.

28. ADEQ has determined that Park Water's water system has no deficiencies and is delivering water that meets water quality standards as required by the A.A.C.[10]

29. The Company is located within the Pinal Active Management Area.

30. The Arizona Department of Water Resources ("ADWR") has determined that Park Water is in compliance with the requirements governing water providers and/or community water systems.[11]

31. According to Staff, Park Water has no delinquent A.C.C. compliance items.

32. Park Water has approved curtailment and backflow prevention tariffs on file with the Commission.

33. Park Water is in good standing the Commission's Corporations Division and the Company is current on its property and sales tax payments.

C. <u>Rate Application</u>

34. Prior to filing the above captioned rate case, the Commission approved an emergency rate surcharge for Park Water in Decision No. 71421 (December 8, 2009). The Decision authorized a $12 emergency surcharge, for a 12-month period, to cover costs related to a water outage, which required the Company to incur costs of approximately $28,000 to clean its well, repair its pump, and

[8] Staff Engineering Report at 11.
[9] Id.
[10] ADEQ Compliance Status Report dated June 9, 2010.
[11] ADWR Compliance Status Report dated October 26, 2010.

haul water during the outage.[12] In the same Decision, Park Water was authorized to obtain a $198,000 WIFA loan needed to deepen its North Well and rehabilitate the North Well booster system and to implement a WIFA loan surcharge to service the debt on the loan.[13] It was later determined that deepening of the well was not feasible and, in Decision No. 71901 (September 28, 2010), the Commission amended Decision No. 71421 to permit the WIFA funds to be used for constructing a new well.

35. In Decision No. 71954 (November 1, 2010), the Commission approved a WIFA loan surcharge of $9.75 for 5/8 x ¾-inch meters, which remains in effect until new rates are set in this Decision. The $12 emergency rate surcharge ended as of December 2010.

36. Park Water's current rate application seeks a permanent rate increase of $26,319 over test year revenues of $70,191, to $96,510.[14] Park Water's proposed increase to test year revenues would result in a 37.50 percent increase in base rates.

37. Staff recommends a base rate increase of $40,145 over Staff adjusted test year revenues of $70,491, to $110,636.[15] Staff's recommended test year revenues would result in a 56.95 percent increase in base rates.[16]

38. Park Water did not oppose Staff's recommended revenues.

39. Park Water's current rates and charges, as proposed in its application, and as recommended by Staff are as follows:

MONTHLY USAGE CHARGES:	Present Rates	Company Proposed Rates	Staff Proposed Rates
5/8" x 3/4" Meter	$ 20.00	$ 30.00	$ 25.00
3/4" Meter	30.00	40.00	25.00
1" Meter	50.00	60.00	62.50
1-1/2" Meter	80.00	100.00	125.00
2" Meter	150.00	200.00	200.00
3" Meter	250.00	300.00	400.00
4" Meter	400.00	450.00	625.00
6" Meter	600.00	650.00	1,250.00

COMMODITY RATES:

[12] Decision No. 71421, FOF 38 at 12.
[13] Decision No. 71421, FOF 39 at 13.
[14] Applicant application at 6.
[15] Staff Schedule BCA-4.
[16] However, Staff's recommended base rate increase does not take into account the discontinuance of the current $9.75 per month WIFA surcharge.

(Per 1,000 Gallons)

Company Proposed – All Sizes

First Tier: 0 – 1,000 gallons	$ 2.60	$ 3.20
Second Tier: 1,001 – 5,000 gallons	2.60	3.75
Third Tier: 5,001 – 20,000 gallons	3.56	5.35
Fourth Tier: Over 20,000 gallons	4.25	6.50

Staff Recommended – All Sizes

First Tier: 0 –3,000 gallons	$ 3.00
Second Tier: 3,001 – 9,000 gallons	5.00
Third Tier: Over 9,000 gallons	8.80

SERVICE LINE AND METER INSTALLATION CHARGES:
(Refundable Pursuant to A.A.C. R14-2-405)

	Company		Staff Proposed Charges		
	Current Charges	Proposed Charges	Service Line	Meter	Total
5/8" x 3/4" Meter	$ 450.00	$ 575.00	$ 435.00	$ 140.00	$ 575.00
3/4" Meter	500.00	680.00	435.00	245.00	680.00
1" Meter	600.00	775.00	480.00	295.00	775.00
1-1/2" Meter	800.00	1,020.00	530.00	490.00	1020.00
2" Meter	1,400.00	1,875.00	830.00	1,045.00	1,875.00
3" Meter	2,000.00	2,715.00	1,045.00	1,670.00	2,715.00
4" Meter	3,100.00	4,160.00	1,490.00	2,670.00	4,160.00
6" Meter	5,700.00	6,500.00	1,950.00	4,550.00	6,500.00

SERVICE CHARGES:	Present Charges	Company Proposed	Staff Proposed
Establishment	$ 20.00	$ 30.00	$ 25.00
Establishment (After Hours)	30.00	35.00	NT
Reconnection (Delinquent)	20.00	30.00	25.00
Reconnection (Delinquent) After Hours)	30.00	50.00	NT
Meter Test (If Correct)	15.00	45.00	20.00
Deposit	*	*	*
Deposit Interest Per Annum	*	*	*
Re-establishment (Within 12 Months)	**	**	**
NSF Check	$ 20.00	$ 30.00	$ 25.00
Deferred Payment (Per Month)	***	***	1.50%
Meter Re-read (If Correct)	$ 10.00	$ 15.00	$ 15.00
Late Payment Charge (Per Month)	1.50%	1.50%	1.50%
Service Charge (After Hours)	N/A	N/A	$ 35.00

MONTHLY SERVICE CHARGE FOR FIRE SPRINKLER:

4" or smaller	$ 0.00	$ 0.00	***
6"	0.00	0.00	***
8"	0.00	0.00	***
10"	0.00	0.00	***
Larger than 10"	0.00	0.00	***

* Per Commission Rule A.A.C. R14-2-403(B)

** Number of months off system times the monthly minimum, per Commission Rule A.A.C. R14-2-403(D)

*** 2.00% of monthly minimum for a comparable size meter connection but no less than $10 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

NT No Tariff

Base

40. Park Water did not propose a fair value rate base ("FVRB") that differs from its proposed Original Cost Rate Base ("OCRB") of $227,263.[17] Staff recommends an OCRB of $191,331, a $35,932 reduction from the Company's proposed rate base of $227,263.[18]

41. Staff recommends downward adjustments of $42,219 to Park Water's Plant-in-Service accounts. Staff's recommended adjustments include a decrease of $328 to the Company's Structures and Improvements accounts to reflect ending account balances in Park Water's last rate case;[19] and a decrease of $117,979 to the Wells and Springs account, to reflect a decrease of $24,203 to coincide with the ending balance approved in the Company's last rate case, a decrease of $81,976 to reflect actual cost for plant additions, and a decrease of $11,800 to reflect the retirement of a well no longer in service.[20] Staff also recommends an upward adjustment of $78,652 to Park Water's Pumping and Equipment account, to reflect an increase of $34,102 to coincide with ending account balances approved in the Company's last rate case, an increase of $50,569 for post-test year plant Staff deemed used and useful for current customers, and a decrease of $6,019 for plant retirements.[21] Further, Staff recommends an increase of $328 to Park Water's Distribution Reservoirs and Standpipes account to reflect ending balances approved in its last rate case; a decrease of $1,858 to the Transmission and Distribution Mains account to reflect the removal of plant not yet in service; and a decrease of $1,034 to the Meters and Meter Installation account to reflect the ending balance approved in Park Water's last rate case.[22]

42. Staff recommends an upward adjustment of $1,254 to the Company's accumulated depreciation to reflect the reconciliation of accumulated depreciation balances approved during Park Water's last rate case; adjustments for plant additions and retirements; and the application of the Commission-approved depreciation rates.[23]

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[17] The Company did not present information for Reconstruction Cost New Rate Base.
[18] Staff Schedule BCA-2.
[19] Commission Decision No. 67165.
[20] Staff Schedule BCA-2.
[21] Id.
[22] Staff Schedule BCA-2.
[23] Id.

43. Park Water did not propose a working capital allowance, but Staff recommends the addition of a working capital allowance in the amount of $7,541.[24] Staff has previously stated that for Class D and E utilities, Staff recommends that utilities have a positive cash working capital allowance.[25] Park Water had a $0 working cash allowance during the test year.[26] Staff recommended adjustments results in a net increase of $7,541 for a working capital allowance.[27]

44. We adopt Staff's adjustments to Rate Base and find that Park Water's FVRB is $191,331.

Revenues

45. The Company proposed test year adjusted total revenues of $70,191.[28] Staff recommends test year adjusted revenues of $70,491, based on Staff's calculation for metered water revenue using the Company's billing documentation.[29]

46. Staff also made adjustments to Park Water's operating expenses resulting in an increase of $363. Staff's adjustments include an upward adjustment of $5,116 to Salaries and Wages expenses that had been misclassified as outside services expenses; a decrease of $1,040 to Repair and Maintenance expenses to delete meter costs erroneously placed in this category; a downward adjustment of $100 from Office Supplies and Expense related to penalties and late fees; a decrease in Outside Services expenses of $5,416 to reclassify $5,116 to salaries and wages and the removal of $300 in unsupported wages; a downward adjust of $253 to reflect Annual Water Testing costs; an increase of $34 to Insurance-General Liability expenses to reflect the actual amount shown in the Company's documents; an upward adjustment of $747 to Rate Case expenses to include the cost of hiring a Certified Public Account ($6,989 normalized over four years, the amount of time Staff anticipates the Company will file its next rate case); a decrease of $1,753 to Miscellaneous Expense related to billing errors for accounts not terminated after meters were discontinued; an increase in Depreciation Expense of $5,273 to reflect Staff's recommended depreciation rates to Staff's

[24] Staff Schedule BCA-2.
[25] See, Staff Report Docket No. W-03211A-08-0621.
[26] Staff Schedule BCA-2.
[27] According to Staff, the working capital allowance is calculated by taking 1/8th of the operating & maintenance expenses ($7,018) less depreciation, taxes, purchased power, and purchased water expenses plus 1/24th of purchased power and purchased water expenses ($523). SR at 6 and Staff Schedule BCA-2.
[28] Application at 6.
[29] Staff Report at 6.

recommended plant balances; a downward adjustment of $1,411 related to property tax amounts for the Company using the Arizona Department of Revenue's property tax method; and a decrease of $835 in Income Tax expenses to reflect Staff's adjusted operating income for the test year which shows the Company had an operating income loss of $19,112 and effectively did not owe property taxes during the test year.[30]

47. Staff's recommends total operating revenues of $110,636, an increase of $40,145, or 56.95 percent above the Staff-adjusted test year revenues of $70,491.[31] Staff's recommended revenue requirement will provide an 8 percent rate of return ("ROR") on the Staff recommended OCRB of $191,331.[32]

48. Staff believes its proposed ROR is consistent with prior Commission Decisions and that the ROR will provide Park Water with adequate cash flow to meet its normal operating expenses, make payments on the Commission approved WIFA loan as well fund contingencies.[33]

49. The Company did not oppose Staff's recommended adjustments to test year operating expenses. We adopt Staff's adjustments to test year operating expenses and find that test year revenues were $70,491, test year adjusted operating expenses were $89,775, for a test year operating loss of $19,284.[34] We also adopt Staff's recommendation for an overall ROR of 8 percent.

50. Based on our findings herein, we determine that Park Water's revenues should increase by $40,145.

Rate Design

51. The Company proposed no changes to its current rate design.

52. Using a typical bill analysis for residential customers with a 5/8 x ¾ inch meter, Park Water's proposed rates for a median usage of 4,917 gallons would increase rates from $33.00 to $48.20, or a 46.1 percent increase.[35] Staff's recommended base rates for the same meter size and median usage would increase base rates from $33.00 to $43.58, or 32.1 percent.[36] However, taking

[30] Although Staff recommended no income tax expense be included in the Company's test year expenses, Staff's recommended revenue requirement included $4,048 to cover income tax expenses on a going forward basis.
[31] Staff Schedule BCA-.1.
[32] Id.
[33] Staff Report at 8.
[34] Staff Schedule BCA-3 pg. 1.
[35] Staff Schedule BCA-5.
[36] Id.

into account the termination of the current $9.75 per month surcharge, the actual bill impact on a median usage customer would be a monthly increase of $0.85.[37]

53. Staff stated that although its recommended total revenue increase is larger than the Company's proposed revenue increase, Staff's commodity rates result in a lower percentage increase for median and average users because Staff's proposed rates shift more of the revenue requirement to higher users.[38]

54. Regarding service charges, Staff recommends Establishment ($25); Service Charge after hours ($35, in addition to the charge for any utility service provided after hours at the customer's request or for the customer's convenience); Reconnection ($25); Meter Test if correct ($20); Not Sufficient Funds ($25); and Meter Re-Read if correct ($15).[39]

55. Staff concurs with the Company's proposed service line and meter installation charges.[40]

56. Park Water has one Commission approved long-term loan (see above discussion). Staff determined that Park Water's Debt Service Coverage ratio ("DSC")[41] on the WIFA loan was not meaningful during the test year.[42] Staff conducted a pro-forma analysis using Staff's recommended revenue requirement and operating income (discussed above). Staff concluded that with Staff's recommended revenues Park Water's DSC would be 2.10 and sufficient to cover the Company's debt obligation.[43]

57. Park Water did not oppose Staff's proposed rate design.

58. Staff's proposed rate design will generate Staff's recommended revenue requirement of $110,636, approved herein, which is derived from $109,250 meter water sales and $1,386 from other water revenues.[44] We adopt Staff's recommended rate design.

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[37] Current median rates of $33.00 + $9.75 (WIFA surcharge) = $42.75. The difference between Staff's recommended rates of $43.58-$42.75, results in a $0.85 difference.
[38] Staff Report, Executive Summary.
[39] Staff Schedule BCA-4.
[40] Staff Schedule BCA-4.
[41] According to Staff, a DSC greater than 1.0 indicates that the Company has sufficient cash flow to cover its debt obligations; while a DSC of less than 1.0 indicates debt obligations cannot be met by cash generated from operations, and that another source of funds is needed.
[42] Staff Report at 10.
[43] Staff Schedule BCA-6.
[44] Staff Schedule BCA-1.

59. Because an allowance for the property tax expense of Park Water is included in the Company's rates and will be collected from its customers, the Commission seeks assurances from the Company that any taxes collected from ratepayers have been remitted to the appropriate taxing authority. It has come to the Commission's attention that a number of water companies have been unwilling or unable to fulfill their obligation to pay the taxes that were collected from ratepayers, some for as many as twenty years. It is reasonable, therefore, that as a preventive measure, Park Water should annually file, as part of its annual report, an affidavit with the Utilities Division attesting that the company is current in paying its property taxes in Arizona.

CONCLUSIONS OF LAW

1. Park Water Company is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-250 and 40-251.

2. The Commission has jurisdiction over Park Water and of the subject matter of the application.

3. Notice of the application was provided in the manner prescribed by law.

4. The rates and charges authorized hereinbelow are just and reasonable and should be approved without a hearing.

5. Staff's recommendations, as set forth herein, are reasonable and should be adopted.

ORDER

IT IS THEREFORE ORDERED that Park Water Company shall file by July 29, 2011, revised rate schedules setting forth the following rates and charges:

MONTHLY USAGE CHARGES:

5/8" x 3/4" Meter	$ 25.00
3/4" Meter	25.00
1" Meter	62.50
1-1/2" Meter	125.00
2" Meter	200.00
3" Meter	400.00
4" Meter	625.00
6" Meter	1,250.00

SERVICE LINE AND METER INSTALLATION CHARGES:	Service Line	Meter	Total
5/8" x 3/4" Meter	$ 435.00	$ 140.00	$ 575.00
3/4" Meter	435.00	245.00	680.00
1" Meter	480.00	295.00	775.00
1-1/2" Meter	530.00	490.00	1,020.00
2" Meter	830.00	1,045.00	1,875.00
3" Meter	1,045.00	1,670.00	2,715.00
4" Meter	1,490.00	2,670.00	4,160.00
6" Meter	1,950.00	4,550.00	6,500.00

SERVICE CHARGES:	
Establishment	$ 25.00
Establishment (After Hours)	NT
Reconnection (Delinquent)	25.00
Reconnection (Delinquent) After Hours)	NT
Meter Test (If Correct)	20.00
Deposit	*
Deposit Interest Per Annum	*
Re-establishment (Within 12 Months)	**
NSF Check	$ 25.00
Deferred Payment (Per Month)	1.50%
Meter Re-read (If Correct)	$ 15.00
Late Payment Charge (Per Month)	1.50%
Service Charge (After Hours)	$35.00

MONTHLY SERVICE CHARGE FOR FIRE SPRINKLER:	
4" or smaller	***
6"	***
8"	***
10"	***
Larger than 10"	***

* Per Commission Rule A.A.C. R14-2-403(B)

** Number of months off system times the monthly minimum, per Commission Rule A.A.C. R14-2-403(D)

*** 2.00% of monthly minimum for a comparable size meter connection but no less than $10 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

NT No Tariff

IT IS FURTHER ORDERED that the above rates and charges shall be effective August 1, 2011.

IT IS FURTHER ORDERED that the Water Infrastructure Finance Authority loan emergency surcharge, approved in Decision No. 71954 (November 1, 2010), shall be discontinued effective August 1, 2011.

IT IS FURTHER ORDERED that Park Water Company shall notify its customers of the revised rates and charges authorized herein and their effective date, in a form acceptable to the Commission's Utilities Division Staff, including an explanation of termination of the current

surcharge, by means of an insert in its next regular scheduled billing.

IT IS FURTHER ORDERED that in addition to collecting its regular rates and charges, Park Water Company shall collect from its customers a proportionate share of any privilege, sales, or use tax as provided in A.A.C. R14-2-409(D).

IT IS FURTHER ORDERED that Park Water Company shall adopt and use, on a going-forward basis, Staff's depreciation rates by individual National Association of Regulatory Utility Commissioners category.

IT IS FURTHER ORDERED that Park Water Company shall, on a going-forward basis, maintain its books and records in conformity with the National Association of Regulatory Utility Commissioners Uniform Systems of Accounts, and keep general and auxiliary accounting records reflecting the actual cost of its properties, operating income and expense, assets and liabilities, and all accounting data necessary to give complete and authentic information as to its properties and operations.

IT IS FURTHER ORDERED that Park Water Company shall file with Docket Control, as a compliance item in this docket, a detailed analysis and plan to reduce its water loss to 10 percent or less. If Park Water Company believes it is not cost effective to reduce the water loss to less than 10 percent, it should submit a detailed cost benefit analysis to support its opinion. In no case shall the Company allow water loss to be greater than 15 percent. The water loss reduction report or detailed analysis, whichever is submitted, shall be docketed, as a compliance item in this docket, within one year of the effective date of this Decision.

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IT IS FURTHER ORDERED that Park Water Company shall annually file as part of its annual report, an affidavit with the Utilities Division attesting that the Company is current in paying its property taxes in Arizona.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN

COMMISSIONER

COMMISSIONER

Paul Newman
COMMISSIONER

Brenda Burns
COMMISSIONER

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 the Commission to be affixed at the Capitol, in the City of Phoenix, this 25th day of July, 2011.

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____

YBK:db

SERVICE LIST FOR: PARK WATER COMPANY, INC.

DOCKET NO. W-02353A-10-0242

Patricia O'Connor
PARK WATER COMPANY, INC.
P.O. Box 16173
Phoenix, AZ 85011-6173

Janice Alward, Chief Counsel
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

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