

OPEN MEETING ITEM



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

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ARIZONA CORPORATION COMMISSION

2011 OCT 13 A 11:12

DATE: OCTOBER 13, 2011

DOCKET NOS.: W-03514A-10-0116 AND W-03514A-10-0117

AZ CORP COMMISSION
DOCKET CONTROL

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Marc E. Stern. The recommendation has been filed in the form of an Order on:

PAYSON WATER COMPANY, INC. – MESA DEL CABALLO SYSTEM
(EXTENSION OF TIME DEADLINE
CONTAINED IN DECISION NO. 71902)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

OCTOBER 24, 2011

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

NOVEMBER 8, 2011 AND NOVEMBER 9, 2011

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

Arizona Corporation Commission
DOCKETED

OCT 13 2011

DOCKETED BY

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

IN THE MATTER OF THE APPLICATION OF
PAYSON WATER COMPANY ON BEHALF OF
ITS MESA DEL CABALLO SYSTEM FOR
APPROVAL OF A WATER AUGMENTATION
SURCHARGE/EMERGENCY RATE TARIFF.

DOCKET NO. W-03514A-10-0116

IN THE MATTER OF THE NOTICE OF FILING
OF PAYSON WATER COMPANY'S PROPOSED
CHANGES TO ITS CURTAILMENT TARIFF
(MESA DEL CABALLO SYSTEM).

DOCKET NO. W-03514A-10-0117

DECISION NO. _____

**ORDER EXTENDING TIME
DEADLINE CONTAINED IN
DECISION NO. 71902**

Open Meeting
November 8 and 9, 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

1. September 28, 2010, the Arizona Corporation Commission ("Commission") issued Decision No. 71902 which approved the application of Payson Water Company, Inc. ("Company" or "Applicant") on behalf of its Mesa Del Caballo ("MDC") system for an emergency water augmentation surcharge tariff ("Surcharge") on an interim basis to allow the Applicant to recover costs for the bulk water purchases needed to supply water to customers on its MDC System. In Decision No. 71902, the Commission also approved certain changes to MDC's Curtailment Tariff.

2. The Commission's approval of the Company's application for a Surcharge was

1 conditioned upon the Company filing by September 27, 2011, with the Commission, as a compliance
2 item, an application for permanent rate relief.

3 3. On September 8, 2011, the Company filed a Motion for an Extension of Time
4 (“Motion”), until January 31, 2012, for approval by the Commission to file its permanent rate
5 application. The Company in its Motion stated as follows:

6 The Surcharge is designed to allow Payson Water to recover its costs of
7 supplementing water supplies for its Mesa Del Caballo system between
8 the months of May and September each year. These costs are merely
9 passed through to the end-user, and do not include the recovery of any
10 administrative costs, nor does it provide Payson Water with any excess
11 funds or profit. In order to provide an accurate accounting of the costs
12 for supplemental water supplies, Payson Water will need information
13 and data through the 2011 season when water augmentation was
14 necessary – including all water augmentation that occurs in September,
15 2011. In addition, Payson Water has been required to augment the Mesa
16 Del Caballo system with water supplies outside the time the Surcharge is
17 in effect (i.e. January and February 2011), and expects further water
18 augmentation will be necessary for September 2011. These costs are not
19 currently recovered from ratepayers.

20 4. The Company stated that a 2011 test year will provide the Company and the
21 Commission with the full and complete information necessary to provide a basis for permanent rate
22 relief.

23 5. The Company stated further that a 120-day delay should not have a negative impact on
24 Applicant’s customers; in fact, it would delay any rate increase that may result from the rate
25 application.

26 6. The Company believes that granting its Motion for delay is in the public interest, and
27 requests that the Commission grant such approval.

28 7. On September 29, 2011, the Commission’s Utilities Division (“Staff”) filed a Staff
Memorandum in response to the Company’s Motion in which Staff recommended approval of the
requested extension until March 31, 2012, in order for the Company to file an application for a
permanent rate increase.

 8. Staff stated that it will be more efficient and less costly for the Company to file a rate
application which utilizes a complete 2011 calendar year for the test year. Staff agrees that an
extension will benefit rate payers by delaying any possible rate increase and will benefit the

1 Company by not requiring it to incur additional accounting expense.

2 9. Staff contacted the Company's attorney who indicated that the Company's goal is to
3 file its rate application as soon as possible after the end of calendar year 2011 using a 2011 test year.

4 10. Staff believes that additional time beyond January 31, 2012, would be appropriate to
5 allow the Company to prepare and submit an adequate rate application pursuant to A.A.C. R14-2-
6 103. Therefore, Staff is recommending that Applicant be granted an extension until March 31, 2012,
7 to file a permanent rate application that utilizes a complete 2011 test year.

8 11. Under the circumstances, the Company should be granted an extension of time until
9 March 30, 2012, in which to file a permanent rate application as recommended by Staff.

10 **CONCLUSIONS OF LAW**

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

13 2. The Commission has jurisdiction over Applicant and of the subject matter of the
14 extension request addressed herein.

15 3. Staff's recommendation for the extension of time to file the Company's permanent
16 rate application should be adopted.

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ORDER

IT IS THEREFORE ORDERED that the Payson Water Company, Inc. on behalf of its Mesa Del Caballo system shall be granted an extension of time until March 30, 2012, to file its permanent rate application as required by Decision No. 71902.

IT IS FURTHER ORDERED that the Payson Water Company, Inc. on behalf of its Mesa Del Caballo system shall be granted no further extensions in this matter, absent good cause shown.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

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 _____ day of _____, 2011.

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____

MES:db

1 SERVICE LIST FOR: PAYSON WATER COMPANY, INC. – MESA DEL
2 CABALLO SYSTEM

3 DOCKET NOS.: W-03514A-10-0116 AND W-03514A-10-0117

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