



0000132343

NEW APPLICATION

1 Jim Irvin  
Commissioner-Chairman  
2 Tony West  
Commissioner  
3 Carl J. Kunasek  
Commissioner  
4

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AZ CORP COMMISSION  
Mar 17 1 53 PM '99

ORIGINAL

5 **BEFORE THE ARIZONA CORPORATION COMMISSION**

6 IN THE MATTER OF THE APPLICATION ) W-01445A-99-0154  
7 OF ARIZONA WATER COMPANY, SAN )  
8 MANUEL SYSTEM, FOR APPROVAL OF ) CERTIFICATE OF FILING OF  
9 TARIFF FILING TO REFLECT CHANGES ) CHANGE IN TARIFF AM-254  
ADJUSTMENT MECHANISM )

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Arizona Water Company (the "Company"), an Arizona public service corporation, pursuant to the provisions of its Tariff AM-254 tenders for filing with this Commission its tariff provisions designed to reflect changes due to the application of said Tariff AM-254 (the "PWAM").

The purpose of the tariff revisions for the Company's San Manuel System is to reflect the result of an increase in water costs from BHP Copper, Inc. ("BHP") (the successor to Magma Copper Company, the Company's previous supplier), the Company's water supplier for the System. The PWAM rate for the San Manuel System was set at zero when the Company had new company-wide base rates approved on December 23, 1992, in Decision No. 58120.

In Decision No. 59075, entered on May 4, 1995, and modified in a subsequent procedural order entered on July 12, 1995, the Company was permitted to increase its charge for water from \$0.36 per 1,000 gallons to \$0.57 per 1,000 gallons. The July 12, 1995, procedural order also ordered the Company at the conclusion of its litigation with BHP to file a request with the Utilities Division Director for further review of the PWAM for the San Manuel System.

The Company was not successful in its litigation with BHP, which has now concluded. The Company recently entered into a new water supply agreement with BHP, under the terms of which BHP has increased its charge to the Company per 1,000 gallons to \$0.60.

1 Accordingly, the proposed modifications in the Company's tariff being filed at this time  
2 for the San Manuel System will involve an increase of \$0.003 per hundred gallons sold,  
3 including minimum gallons. The increase per bill for the average residential water use (in gallons  
4 per month), based upon the System's average residential water use of 12,800 gallons per month,  
5 will be \$0.38.

6 Pursuant to the provisions of the PWAM, the Company submits, in addition to the  
7 proposed tariff revisions, a copy of its calculations for use in auditing the tariff revisions by the  
8 Commission's Staff. The Company is requesting Commission approval of the proposed tariff to  
9 be effective for all billings on or after June 1, 1999.

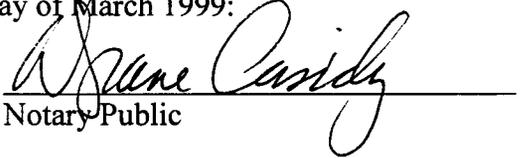
10 It is hereby certified that on March 16, 1999, Arizona Water Company tendered for filing  
11 in the Commission's Docket Control Division, an original and ten (10) copies of its revised tariff  
12 sheets to Tariff AM-254 for its San Manuel System.

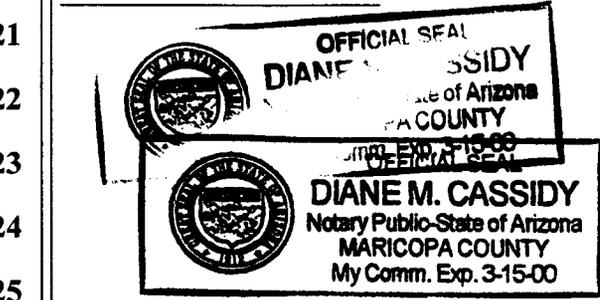
13 RESPECTFULLY SUBMITTED this 16 day of March 1999.

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James R. Livingston  
President

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18 Subscribed and sworn to before me this 16 day of March 1999:

19 My Commission Expires:

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Notary Public



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Arizona Water Company  
Purchased Water Adjustment Mechanism  
San Manuel

AM-254

<u>Line No.</u>		<u>Current PWAM</u>	<u>Proposed PWAM</u>
1	Gross Revenue Pass Thru Required	\$55,396.32	\$63,310.08
2	Gallons Purchased In Hundreds	2,637,920	2,637,920
3	Revenue per 100 Gallons (line 1/2)	0.0210	0.0240
4	Proposed Increase per 100 Gallons	0.021	0.003
5	Proposed Increase/Decrease from Current PWAM*		0.003

\* The PWAM charge on the customers' bill will be limited to the actual gallons used including the gallons in the minimum.

ARIZONA WATER COMPANY  
Recap of Purchased Water Costs  
San Manuel

Utility	(1) Test Year Costs With Rates in Effect 12/31/90	(2) Costs With Rates in Effect	(3) (2-1) Gross Revenue Pass Thru Required
Magma Water Company	94,965.12	158,275.20	63,310.08

Utility: Magma Copper Company  
Rate/Acct #: N/A  
Div./Acct #: SAN MANUEL / XXXXXXXXXX

Month	M Gal	Payments 1990 Rate Case	Cost @ Current Rate \$0.57MGal	Cost @ New Rate \$0.60MGal	Difference \$0.60-\$0.36
Jan	14,991	5,396.76	8,544.87	8,994.60	3,597.84
Feb	11,670	4,201.20	6,651.90	7,002.00	2,800.80
Mar	17,525	6,309.00	9,989.25	10,515.00	4,206.00
Apr	22,351	8,046.36	12,740.07	13,410.60	5,364.24
May	31,023	11,168.28	17,683.11	18,613.80	7,445.52
Jun	40,908	14,726.88	23,317.56	24,544.80	9,817.92
Jul	31,080	11,188.80	17,715.60	18,648.00	7,459.20
Aug	26,114	9,401.04	14,884.98	15,668.40	6,267.36
Sep	19,911	7,167.96	11,349.27	11,946.60	4,778.64
Oct	19,627	7,065.72	11,187.39	11,776.20	4,710.48
Nov	14,008	5,042.88	7,984.56	8,404.80	3,361.92
Dec	14,584	5,250.24	8,312.88	8,750.40	3,500.16
<b>Total</b>	<b>263,792</b>	<b>94,965.12</b>	<b>150,361.44</b>	<b>158,275.20</b>	<b>63,310.08</b>