

ORIGINAL

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

OPEN MEETING ITEM



0000135699

ARIZONA CORPORATION COMMISSION

DATE: APRIL 6, 2012
DOCKET NO.: W-03936A-11-0418
TO ALL PARTIES:

Arizona Corporation Commission
DOCKETED
APR - 6 2012

DOCKETED BY *MA*

Enclosed please find the recommendation of Administrative Law Judge Dwight D. Nodes. The recommendation has been filed in the form of an Order on:

**EAGLETAIL WATER COMPANY, L.L.C.
(RATES)**

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:

APRIL 16, 2012

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:

APRIL 24, 2012 and APRIL 25, 2012

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.

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Ernest G. Johnson
ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 GARY PIERCE - Chairman
4 BOB STUMP
5 SANDRA D. KENNEDY
6 PAUL NEWMAN
7 BRENDA BURNS

8 IN THE MATTER OF THE APPLICATION OF
9 EAGLETAIL WATER COMPANY, L.L.C., FOR A
10 PERMANENT RATE INCREASE.

DOCKET NO. W-03936A-11-0418

DECISION NO. _____

11 ORDER

12 Open Meeting
13 April 24 and 25, 2012
14 Phoenix, Arizona

15 **BY THE COMMISSION:**

16 Having considered the entire record herein and being fully advised in the premises, the
17 Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

18 FINDINGS OF FACT

19 1. On November 22, 2011, Eagletail Water Company, L.L.C. ("Eagletail" or
20 "Company") filed with the Commission an application for a rate increase. In its application, Eagletail
21 proposed total operating revenues of \$49,921, an increase of \$15,000, or 42.95 percent over test year
22 revenues of \$34,921. The Company's proposed rates would provide operating income of \$16,153,
23 and a 14.75 percent rate of return on its proposed original cost rate base ("OCRB") of \$109,533,
24 which the Company also proposed as its fair value rate base ("FVRB").

25 2. On December 29, 2011, the Company filed corrected schedules in support of its
26 application, and stated that it had notified customers on December 21, 2011, of the proposed rate
27 increase.

28 3. On January 5, 2012, the Commission's Utilities Division ("Staff") filed its Sufficiency
Letter stating the application was sufficient pursuant to Arizona Administrative Code ("A.A.C.")
R14-2-103, and classifying Eagletail as a Class E utility.

4. On February 22, 2012, Staff filed its Staff Report, recommending approval of the

1 application subject to adoption of Staff's recommended rates and charges, and other compliance
 2 recommendations. The Staff Report was sent to Eagletail and indicated that any party could file
 3 comments to the Staff Report's recommendations by March 2, 2012. To date, no comments or
 4 objections to the Staff Report have been received.

5 5. Eagletail is an Arizona public service corporation providing potable water service to
 6 approximately 57 customers. During the test year, 8 customers were served by 5/8-inch x 3/4-inch
 7 meters; 45 customers were served by 3/4-inch meters; and 4 customers were served by 1-inch meters.
 8 The Company's service area is located approximately 64 miles west of Phoenix, and 15 miles south
 9 of Interstate 10 in the Harquahala Valley, in the western part of Maricopa County, Arizona.

10 6. The Company's current rates became effective August 1, 2005, pursuant to Decision
 11 No. 67982 (July 18, 2005).

12 7. The water rates and charges for Eagletail currently, as proposed by the Company in its
 13 application, and as recommended by Staff in its Staff Report, are as follows:

	<u>Current Rates</u>	<u>Proposed Rates Company</u>	<u>Proposed Rates Staff</u>
<u>MONTHLY USAGE CHARGE:</u>			
5/8" x 3/4" Meter	\$27.00	\$39.98	\$27.00
3/4" Meter	30.00	60.02	30.00
1" Meter	45.00	100.00	45.00
1 1/2" Meter	50.00	199.88	150.00
2" Meter	61.00	319.80	240.00
3" Meter	105.00	599.63	480.00
4" Meter	135.00	999.38	750.00
6" Meter	220.00	1,998.75	1,500.00
Gallons included in Minimum (For All Meter Sizes)	0	0	0
<u>Commodity Charge (Per 1,000 gallons)</u>			
For all Meter Sizes			
0 - 3,000	\$3.20	\$4.80	N/A
3,001 - 25,000	4.25	6.38	N/A
Over 25,000	4.85	7.28	N/A
<u>5/8" x 3/4" Meter (Residential/Commercial)</u>			
0 - 3,000	N/A	N/A	\$3.90
3,001 - 15,000	N/A	N/A	5.85
Over 15,000	N/A	N/A	7.10
<u>3/4" Meter</u>			
0 - 3,000	N/A	N/A	\$3.90
3,001 - 15,000	N/A	N/A	5.85

1	Over 15,000	N/A	N/A	7.10
2	1" Meter			
	0 - 14,000	N/A	N/A	\$5.85
3	Over 14,000	N/A	N/A	7.10
4	1 1/2" Meter			
	0 - 28,000	N/A	N/A	\$5.85
5	Over 28,000	N/A	N/A	7.10
6	2" Meter			
	0 - 56,000	N/A	N/A	\$5.85
7	Over 56,000	N/A	N/A	7.10
8	3" Meter			
	0 - 120,000	N/A	N/A	\$5.85
9	Over 120,000	N/A	N/A	7.10
10	4" Meter			
	0 - 285,000	N/A	N/A	\$5.85
11	Over 285,000	N/A	N/A	7.10
12	6" Meter			
	0 - 640,000	N/A	N/A	\$5.85
13	Over 640,000	N/A	N/A	7.10
14	Standpipe, Bulk Water	N/A	N/A	\$7.10

SERVICE LINE AND METER INSTALLATION CHARGES:

	Current Charges	Company's Proposed Charges	Staff Recommended Service Line Chg	Staff Recommended Meter Charge	Staff Recommended Total Charges	
17	5/8" x 3/4" Meter	\$440.00	\$440.00	\$350.00	\$90.00	\$440.00
18	3/4" Meter	510.00	510.00	350.00	160.00	510.00
	1" Meter	590.00	590.00	380.00	210.00	590.00
19	1-1/2" Meter	825.00	825.00	430.00	395.00	825.00
	2" Meter	1,415.00	1,415.00	630.00	785.00	1,415.00
20	3" Meter	2,105.00	2,105.00	810.00	1,295.00	2,105.00
	4" Meter	3,120.00	3,120.00	1,120.00	2,000.00	3,120.00
21	6" Meter	5,715.00	5,715.00	1,740.00	3,975.00	5,715.00

SERVICE CHARGES:

	Present Rates	Proposed Rates Company	Proposed Rates Staff	
23	Establishment	\$30.00	\$40.00	\$40.00
24	Establishment (After Hours)	45.00	55.00	(a)
	Reconnection (Delinquent)	25.00	35.00	\$35.00
25	Reconnection (Delinquent-After Hours)	45.00	50.00	(a)
	Meter Test (If Correct)	30.00	30.00	\$30.00
26	Deposit	*	*	*
	Deposit Interest	*	\$0.00	*
27	Re-establishment (Within 12 months)	**	\$30.00	**
	NSF Check	\$25.00	30.00	\$30.00
28	Deferred Payment	***	***	***
	Meter Re-Read (If Correct)	\$20.00	\$20.00	\$20.00

Late Payment Charge-Per Month	1.50%	2.00%	1.50%
Service Charge (After Hours)	N/A	N/A	\$25.00

MONTHLY SERVICE CHARGE FOR FIRE SPRINKERS:

4" or Smaller	****	****	****
6"	****	****	****
8"	****	****	****
10"	****	****	****
Larger than 10"	****	****	****

- * Per Commission Rule A.A.C. R-14-2-403(B).
- ** Months off system times the monthly minimum per Commission Rule A.A.C. R14-2-403(D).
- *** 1.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than \$5.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.
- **** 2.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than \$10.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.
- (a) Staff recommends the elimination of this service charge as it is covered by Staff's recommended after hours service charge.

8. Staff determined Eagletail's OCRB to be \$61,922, which is the same as its FVRB. Staff's recommended OCRB represents a \$47,611 decrease to the Company's proposed OCRB of \$109,533, due to Staff's adjustments to plant-in-service, accumulated depreciation, and working capital.

9. Staff's adjustments to plant-in-service resulted in a net reduction of \$72,715 from Eagletail's proposed \$175,421 for plant-in-service, to \$102,706. (Staff Report, at 6.) Staff indicated that a significant portion of its recommended decrease to Eagletail's plant in service resulted from removal of a property tax liability that the Company incorrectly recorded as plant-in-service. Staff's analysis produced recommendations to: increase the structures and improvements account by \$322; decrease the wells and springs account by \$24,510; decrease the pumping equipment account by \$8,666; decrease the water treatment equipment account by \$3,501; decrease the transmission and distribution mains account by \$35,015; and decrease the meters and meter installation account by \$1,345. (*Id.*)

10. Staff also recommended a decrease to Eagletail's accumulated depreciation by \$22,071, from the Company's proposed \$63,533, to \$41,462. Staff indicated that the adjustment reflects the cumulative effect of its recommended adjustments to plant-in-service account balances, as well as recalculation of depreciation expense in the intervening years since the test year in the

1 Company's prior rate case using the depreciation rates authorized by the Commission. (*Id.* at 7.)

2 11. The final rate base adjustment recommended by Staff would increase working capital
3 from \$0 to \$3,033. According to Staff, it calculated cash working capital using the formula method,
4 which equals one-eighth of the operating expenses less depreciation, taxes, purchased power and
5 purchased water expenses, plus one-twenty-fourth of purchased power and purchased water expenses.

6 12. Staff made no adjustments to Eagletail's proposed test year operating revenues of
7 \$34,921. (*Id.* at DRE-3.)

8 13. Staff made several adjustments to Eagletail's proposed test year operating expenses,
9 resulting in a net decrease of \$336, from the Company's proposed \$33,768, to \$33,432. Staff
10 recommended an operating expense increase of \$5,000, from \$1,860 to \$6,860, for a part-time
11 employee's wages related to field and operational activities. Staff indicated that a significant portion
12 of the Company's field and operational responsibilities are handled by volunteers, but, according to
13 the Company, many of the volunteers are of advanced age and declining health, making it difficult
14 for them to perform tasks such as digging ditches, repairing leaks, reading meters, and other related
15 activities. (Staff Report, at 7.) Staff also recommended increasing the Company's water testing
16 expenses by \$308; increasing rate case expense by \$333 to reflect a three-year amortization of
17 approximately \$1,000 for rate case expense; and decreasing depreciation expense by \$5,977 to reflect
18 application of Staff's recommended depreciation rates to Staff's recommended plant balances for
19 Eagletail. (*Id.* at 8.)

20 14. Staff also reduced Eagletail's proposed interest expense by \$4,646, from \$8,030 to
21 \$3,384, to reflect removal of interest expense associated with a personal loan obtained by the
22 Company's owners. Staff's recommended adjustment is based on the Commission's denial of the
23 Company's application for approval of financing in Decision No. 72731 (January 6, 2012), wherein
24 the Commission found that the loan obtained by the Company's owners was not a loan obligation of
25 Eagletail and it was not in the public interest to provide coverage for the loan in Eagletail's rates.
26 (*Id.*)¹

27 ¹ Eagletail filed on March 1, 2012 (Docket No. W-03936A-12-0073), a new financing application seeking authority to
28 obtain a \$65,000 loan or grant from the Water Infrastructure Finance Authority ("WIFA") for funds needed to repair a
failing well pump.

1 15. Staff states that its recommended rates produce a 2.20 times interest earned ratio
2 (“TIER”) and a 1.84 debt service coverage (“DSC”) ratio. TIER represents the number of times
3 earnings before income tax expense covers interest expense on debt. A TIER greater than 1.0 means
4 that operating income is greater than interest expense. A DSC greater than 1.0 means operating cash
5 flow is sufficient to cover all obligations. Staff concluded that the cash flow generated by its
6 recommended rates and charges is reasonable and sufficient. (*Id.* at 8-9)

7 16. Based on its review, Staff found Eagletail’s total test year operating revenue to be
8 \$34,921, and test year operating expenses to be \$33,434, resulting in test year operating income of
9 \$1,487 and a 2.40 percent rate of return on Staff’s adjusted OCRB of \$61,922. (Staff Report, at 4.)

10 17. Eagletail’s proposed rates would produce total operating revenue of \$49,921 and
11 operating income of \$16,153, for a 14.75 percent rate of return on the Company’s proposed \$109,533
12 OCRB.

13 18. Staff’s recommended rates produce total operating revenue of \$40,863, an increase of
14 \$5,942, or 17.02 percent, over Staff’s adjusted test year revenue of \$34,921. Staff’s recommendation
15 would provide the Company with operating income of \$7,429, and a 12.0 percent rate of return on
16 Staff’s adjusted \$61,922 OCRB.

17 19. Eagletail’s proposed rate design would retain its existing rate structure for all meter
18 sizes, with three inverted tiers containing break-over points at 3,000 and 25,000 gallons per month.
19 (*Id.* at 9.) Eagletail’s proposed rates would result in an increase to the typical ¾-inch meter
20 residential water bill, with average usage of 5,721 gallons per month, of \$15.59, or 30.5 percent, from
21 the current \$51.17 to \$66.76. (*Id.* at DRE-5.)

22 20. Staff recommends a rate structure with three inverted tiers for 5/8-inch x ¾-inch
23 meters and ¾-inch meters, and two inverted rate tiers for all other meter sizes, with break-over points
24 that increase by meter size. For the two smallest size meters, the break-over points would be set at
25 3,000 and 15,000 gallons per month, and for 1-inch meters the single break-over point would be at
26 14,000 gallons per month. (*Id.* at DRE-4.) Under Staff’s recommended rates, a typical ¾-inch meter
27 residential customer’s water bill, with average usage of 5,721 gallons per month, would increase by
28 \$6.45, or 12.6 percent, from the current \$51.17 to \$57.62. (*Id.* at DRE-5.)

1 21. In its application, Eagletail proposed increasing its establishment charge from \$35 to
2 \$40, increasing its reconnection (delinquent) charge from \$25 to \$35, and increasing its non-
3 sufficient funds check service charge from \$25 to \$35. Staff agreed that these service charge
4 increases were reasonable and should be approved.

5 22. Eagletail also requested increases to its establishment (after hours) and reconnection
6 (delinquent – after hours) charges. Rather than accepting the Company’s proposed fee increases for
7 those specific after hours services, Staff recommends instead that a general after-hours service fee of
8 \$25 be implemented for all services provided after normal business hours, if the services are
9 requested by a customer or are provided for a customer’s convenience. (*Id.* at 10.)

10 23. Staff’s review of the Commission’s Consumer Services database showed that between
11 January 1, 2009 and February 10, 2012, there were two complaints against Eagletail, both of which
12 were resolved and closed. One opinion has been filed in opposition to the Company’s requested rate
13 increase. (Staff Report, at 4.)

14 24. Staff states that Eagletail is current on its property and sales tax payments, and is in
15 good standing with the Commission’s Corporations Division. (*Id.* at 5.)

16 25. Eagletail is not located within an Arizona Department of Water Resources (“ADWR”) active
17 management area (“AMA”), and is therefore not subject to AMA monitoring and reporting
18 requirements. Staff indicated that as of January 19, 2012, Eagletail was compliant with ADWR
19 requirements governing water providers and/or community water systems. (Staff Engineering Report,
20 at 8.)

21 26. According to Staff, the Arizona Department of Environmental Quality (“ADEQ”) has
22 determined that Eagletail is in full compliance with ADEQ requirements and is currently delivering
23 water that meets water quality standards required by A.A.C. Title 18, Chapter 4. (*Id.* at 7.)

24 27. Staff indicated that during its review of Eagletail’s last rate proceeding in 2005, it was
25 discovered that the Company was experiencing a water loss rate of more than 53 percent. Staff stated
26 that non-account water should usually be 10 percent or less. (*Id.* at 5.) According to Staff, a leak
27 repair fund was approved for Eagletail, and the Company was directed to report water losses and to
28 develop a water loss plan. (*Id.* at 6.)

1 28. According to Staff, Eagletail reported a test year water loss rate of 43.16 percent.
2 Staff indicates that Eagletail sent a letter to Staff in 2008 explaining that the Company's high water
3 loss rate is due to the nature of its service area, which consists of approximately 35 miles of
4 distribution lines in a very rural area, and the majority of the water lines are more than 30 years old.
5 According to the Company's letter, it strives to repair leaks in a timely manner but leaks are difficult
6 to detect, and the Company is operated solely by volunteers. The letter further stated that "[w]e are
7 operating as a self-preservation effort to keep good potable water available in our area." (*Id.* at 5-6.)

8 29. Staff stated that ADEQ and WIFA have programs in place to provide water system
9 evaluations, and WIFA may provide up to \$35,000 in grant money to help prepare water facilities for
10 future infrastructure construction. Staff indicated that this type of technical guidance may benefit
11 Eagletail in addressing its water loss issues; and Staff therefore recommends that the Company be
12 required to file, within 180 days of the effective date of this decision, documentation demonstrating
13 that appropriate applications have been made to WIFA and ADEQ for technical system evaluation
14 and grant program funding. (*Id.* at 6.)

15 30. In addition, due to the Company's continued high water loss rates, Staff recommends
16 that Eagletail be required to file within 90 days, for Staff's review and consideration, at least three
17 Best Management Practices ("BMPs") in substantial conformance with Staff's BMP templates, and
18 that no more than two of the BMPs come from the "Public Awareness/Public Relations" or
19 "Education and Training" categories. (*Id.*)

20 31. Staff indicated that Eagletail had no delinquent Commission compliance items as of
21 January 19, 2012, according to the Commission's Compliance Section database. (*Id.* at 8.)

22 32. According to Staff, Eagletail's water system consists of one well, one pressure tank,
23 one storage tank, two booster pumps, chlorination equipment, and a distribution system that served
24 57 customers during the test year. Staff concluded that the Company has adequate production and
25 storage capacity to serve its existing customer base and reasonable growth. (*Id.* at 1, 7.)

26 33. Staff indicated that the Company has approved Backflow Prevention and Curtailment
27 Plan tariffs on file with the Commission. (*Id.* at 10.)

28 34. Following is a summary of Staff's recommendations, as described in the Staff Report:

- 1 • Commission approval of Staff's proposed rates and charges, as set forth in
- 2 Schedule DRE-4 to the Staff Report; and authorization for the Company to
- 3 collect those rates and charges, as well a proportionate share of any
- 4 privilege, sales, or use tax, as provided for in A.A.C. R14-2-409.D.
- 5 • Eagletail be required to file with Docket Control, as a compliance item in
- 6 this docket, within 30 days of the effective date of this Decision, a tariff
- 7 schedule of its new rates and charges.
- 8 • Eagletail be required to apply to ADEQ and WIFA for technical system
- 9 evaluation and grant program funding, and to file with Docket Control
- 10 within 180 days of the effective date of this Decision, as a compliance
- 11 item in this docket, documentation demonstrating that the Company made
- 12 the appropriate applications to ADEQ and/or WIFA for the evaluation and
- 13 funding.
- 14 • Eagletail be required to file with Docket Control within 90 days of the
- 15 effective date of this Decision, as a compliance item in this docket, at least
- 16 three BMPs in the form of tariffs that substantially conform to Staff's
- 17 BMP templates, for Staff's review and consideration; and that a maximum
- 18 of two of the BMPs come from the "Public Awareness/Public Relations"
- 19 or "Education and Training" categories.
- 20 • Commission approval of the typical and customary depreciation rates, as
- 21 set forth in Table B of Section H of the Staff Engineering Report.
- 22 • Commission approval of the separate installation charges for service line
- 23 and meter installation, as set forth in Table C of Section I of the Staff
- 24 Engineering Report. (Staff Report, at 11.)

25 35. As indicated above, Eagletail did not file any comments or objections to any of Staff's
26 proposed rates, charges and recommendations.

27 36. We find Staff's proposed rates, charges and recommendations to be reasonable, and
28 we therefore adopt them.

37. Because an allowance for the property tax expense is included in Eagletail's rates and
will be collected from its customers, the Commission seeks assurance 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
the obligation to pay the taxes that were collected from ratepayers, some for as many as twenty years.
It is reasonable, therefore, that Eagletail should be required to file annually, as part of its annual
report, an affidavit with the Commission's Utilities Division attesting that the Company is current in
paying its property taxes in Arizona.

CONCLUSIONS OF LAW

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

4 2. The Commission has jurisdiction over Eagletail and the subject matter of the
5 application.

6 3. Notice of the application was given in accordance with applicable law.

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

9 5. Staff's recommendations are reasonable and should be adopted.

10 **ORDER**

11 IT IS THEREFORE ORDERED that Eagletail Water Company, L.L.C., is hereby directed to
12 file with Docket Control, as a compliance item in this docket, by no later than April 30, 2012, revised
13 rate schedules setting forth the following rates and charges:

14 **MONTHLY USAGE CHARGE:**

15	5/8" x 3/4" Meter	\$27.00
16	3/4" Meter	30.00
16	1" Meter	45.00
17	1 1/2" Meter	150.00
17	2" Meter	240.00
18	3" Meter	480.00
18	4" Meter	750.00
19	6" Meter	1,500.00

20 **Commodity Charge (Per 1,000 gallons)**

20 **5/8" x 3/4" Meter (Residential/Commercial)**

21	0 - 3,000	\$3.90
21	3,001 - 15,000	5.85
22	Over 15,000	7.10

23 **3/4" Meter**

23	0 - 3,000	\$3.90
24	3,001 - 15,000	5.85
24	Over 15,000	7.10

25 **1" Meter**

26	0 - 14,000	\$5.85
26	Over 14,000	7.10

27 **1 1/2" Meter**

28	0 - 28,000	\$5.85
28	Over 28,000	7.10

1	<u>2" Meter</u>	
	0 - 56,000	\$5.85
2	Over 56,000	7.10
3	<u>3" Meter</u>	
	0 - 120,000	\$5.85
4	Over 120,000	7.10
5	<u>4" Meter</u>	
	0 - 285,000	\$5.85
6	Over 285,000	7.10
7	<u>6" Meter</u>	
	0 - 640,000	\$5.85
8	Over 640,000	7.10
9	Standpipe, Bulk Water	\$7.10

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

	<u>Service Line</u>	<u>Meter</u>	<u>Total Charges</u>
11	5/8" x 3/4" Meter	\$350.00	\$90.00
12	3/4" Meter	350.00	160.00
	1" Meter	380.00	210.00
13	1-1/2" Meter	430.00	395.00
	2" Meter	630.00	785.00
14	3" Meter	810.00	1,295.00
	4" Meter	1,120.00	2,000.00
15	6" Meter	1,740.00	3,975.00

SERVICE CHARGES:

17	Establishment	\$40.00
18	Reconnection (Delinquent)	\$35.00
	Meter Test (If Correct)	\$30.00
19	Deposit	*
	Deposit Interest	*
	Re-establishment (Within 12 months)	**
20	NSF Check	\$30.00
	Deferred Payment	***
21	Meter Re-Read (If Correct)	\$20.00
22	Late Payment Charge-Per Month	1.50%
	Service Charge (After Hours)	\$25.00
23	4" or Smaller	****
	6"	****
24	8"	****
	10"	****
25	Larger than 10"	****

* Per Commission Rule A.A.C. R-14-2-403(B).

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

*** 1.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than \$5.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.

**** 2.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than \$10.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.

IT IS FURTHER ORDERED that the above rates and charges shall be effective for all service provided on and after May 1, 2012.

IT IS FURTHER ORDERED that Eagletail Water Company, L.L.C., shall notify its customers of the authorized rates and charges approved herein, and their effective date, in a form acceptable to the Commission's Utilities Division Staff, by means of an insert in its next regularly scheduled billing, and shall file copies with Docket Control within 10 days of the date notice is sent to its customers, as a compliance item in this docket.

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

IT IS FURTHER ORDERED that Eagletail Water Company, L.L.C., shall apply to ADEQ and WIFA for technical system evaluation and grant program funding, and shall file with Docket Control within 180 days of the effective date of this Decision, as a compliance item in this docket, documentation demonstrating that the Company made the appropriate applications to ADEQ and/or WIFA for the evaluation and funding.

IT IS FURTHER ORDERED that Eagletail Water Company, L.L.C., shall file with Docket Control within 90 days of the effective date of this Decision, as a compliance item in this docket, at least three BMPs in the form of tariffs that substantially conform to Staff's BMP templates, for Staff's review and consideration; and that a maximum of two of the BMPs come from the "Public Awareness/Public Relations" or "Education and Training" categories.

IT IS FURTHER ORDERED that Eagletail Water Company, L.L.C., shall use the depreciation rates set forth in Table B of Section H of the Staff Engineering Report.

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1 IT IS FURTHER ORDERED that Eagletail Water Company, L.L.C., shall file annually, as
2 part of its annual report, an affidavit with the Commission's Utilities Division attesting that it is
3 current in paying its property taxes in Arizona.

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

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.
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7

8 CHAIRMAN _____ COMMISSIONER _____

9
10 COMMISSIONER _____ COMMISSIONER _____ COMMISSIONER _____

11
12 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
13 Executive Director of the Arizona Corporation Commission,
14 have hereunto set my hand and caused the official seal of the
15 Commission to be affixed at the Capitol, in the City of Phoenix,
16 this _____ day of _____, 2012.

16 _____
17 ERNEST G. JOHNSON
18 EXECUTIVE DIRECTOR

18 DISSENT _____

19
20 DISSENT _____

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1 SERVICE LIST FOR: EAGLETAIL WATER COMPANY, L.L.C.

2 DOCKET NO.: W-03936A-11-0418

3 Susan Haas
4 EAGLETAIL WATER CO., L.L.C.
5 P.O. Box 157
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6 Janice Alward, Chief Counsel
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8 ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
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9 Steven M. Olea, Director
10 Utilities Division
11 ARIZONA CORPORATION COMMISSION
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