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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission
DOCKETED

JUL 31 2012

DOCKETED BY

COMMISSIONERS

GARY PIERCE, CHAIRMAN
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP
BRENDA BURNS

IN THE MATTER OF ORANGE GROVE WATER COMPANY, INC.'S APPLICATIONS FOR A PERMANENT RATE INCREASE AND A FINANCING APPROVAL	Docket Nos. W-02237A-11-0180 W-02237A-11-0084 **APPLICATION FOR IMPLEMENTAITON OF FINANCING SURCHARGE**

Pursuant to Decision No. 72734, Orange Grove Water Company, Inc. ("Company") hereby files this Application for Implementation of Financing Surcharge. The Company's surcharge calculation is set forth in Attachment 1. The Company requests the Commission approve the surcharge as calculated in Attachment 1.

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DATED this 31st day of July, 2012.

MOYES SELLERS & HENDRICKS LTD.

Steve Wene

Steve Wene
Attorneys for Company

Original and 13 copies filed this
31st day of July, 2012:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Donnelly Herbert

Attachment 1

Loan Amount:	$30,000
Term:	20 years
Interest Rate:	4.2%

1. Annual Debt Service on Loan (rounded)

$$\begin{array}{r} 0.0743 \\ \times\ 30{,}000.00 \\ \hline \$2{,}229.00 \end{array}$$

2. Annual Interest Expense on Loan (rounded)

$$\begin{array}{r} 0.0419 \\ \times\ 30{,}000.00 \\ \hline \$1{,}257.00 \end{array}$$

3. Annual Principal Payment on Loan

$$\begin{array}{r} 0.0324 \\ \times\ 30{,}000.00 \\ \hline \$972.00 \end{array}$$

4. Gross Revenue Conversion Factor (GRCF)

1.28318 (per Staff's instruction)

5. Incremental Income Tax Factor

$$\begin{array}{r} 1.28318 \\ -\ 1.00000 \\ \hline 0.28318 \end{array}$$

6. Annual Income Tax Component of the Annual Surcharge Revenue

$$\begin{array}{r} 0.28318 \\ \times\ 972.00 \\ \hline \$275.25 \end{array}$$

7. Debt Service Component of the Annual Surcharge Revenue

$$\begin{array}{r} 1{,}257.00 \\ +\ 972.00 \\ \hline \$2{,}229.00 \end{array}$$

8. Total Annual Surcharge Revenue Requirement for Loan

275.25
+ 2,229.00
$2,504.25

9. Equivalent Bills for 5/8" x 3/4"

1	(NARUC Meter Capacity)
303	(Test Year No. of Customers)
x 12	(No. of Months in a Year)
3,636	

10. Total Annual Surcharge Rev. Requirement for the Loan for 5/8" x 3/4" Meter

2,504.25/3,636= $0.69

11. Monthly Surcharge Per Meter Type

Meter Size	NARUC	x	Surcharge Amt	=	**Surcharge By Meter Size**
5/8" x 3/4"	1		$0.69		**$0.69**
3/4"	1.5		$0.69		**$1.04**
1"	2.5		$0.69		**$1.73**
1 1/2"	5		$0.69		**$3.45**
2"	8		$0.69		**$5.52**
3"	15		$0.69		**$10.35**
4"	25		$0.69		**$17.25**
6"	50		$0.69		**$34.50**