

OPEN MEETING

MEMORANDUM



0000141498

TO: THE COMMISSION

RECEIVED

FROM: Utilities Division

2013 JAN 18 A 10:00

DATE: January 18, 2013

AZ CORP COMMISSION
DOCKET CONTROL

JM

RE: IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY'S AMENDED APPLICATION FOR AUTHORITY TO IMPLEMENT A STEP-1 (PINWOOD/RIMROCK) AND STEP-2 (SEDONA) ARSENIC COST RECOVERY MECHANISM IN ITS VERDE VALLEY SYSTEM (DOCKET NO. W-01445A-08-0440).

I. Introduction

On August 25, 2010, the Arizona Corporation Commission ("Commission") issued Decision No. 71845 in a general rate proceeding for Arizona Water Company's ("Company", "Applicant" or "AWC") 18 water systems. In that Decision, the Commission authorized the Company to implement an ACRM for its Sedona system in compliance with the conditions established in Decision No. 66400. Subsequently, the Company began referring to the Pinewood, the Rimrock and the Sedona water systems collectively as the Verde Valley system which is a part of its Northern Group.

Pursuant to Decision No. 68302, AWC filed an application with the Commission on June 22, 2012, requesting authorization to implement Step-two of its ACRM for its Verde Valley System.

An ACRM is a two-step mechanism. Decision No. 72375, dated May 27, 2011, denied the Company's request to implement a Step-One ACRM surcharge in each of the three water systems in its Verde Valley system and instead authorized a Step-One ACRM surcharge only for the Sedona water system. An ACRM had not been authorized for the Pinewood or Rimrock water systems, and the Commission had not authorized consolidation of rates for the three systems AWC refers to as its Verde Valley system.¹

In its original application for a step-two ACRM surcharge, the Company again requested to apply its ACRM surcharge to all three systems that comprise the Verde Valley system. The original application, as filed, did not contain the Sedona-specific information necessary to process the application only for the Sedona water system. Accordingly, Staff advised the Company to file an amended application.

¹ Decision No. 72375, Finding of Fact No. 36 states, "We conclude that the Step-One ACRM surcharge is only applicable to the Sedona water system."

On August 23, 2012, the Company amended its application to include a Step-two ACRM applicable only to the Sedona portion of the Verde Valley, and also requested authority to implement a Step-One ACRM surcharge applicable to the Pinewood and Rimrock water systems. As an alternative, the Company requests to expand its Step-two ACRM to include the whole Verde Valley System. Under the alternative scenario, the ACRM costs would be spread over a larger customer base, the whole Verde Valley system instead of just Sedona, thus lessening the cost per customer, even though customers in Pinewood do not have arsenic levels that exceed the current Safe Drinking Water Act requirement for Arsenic.²

II. Background

On August 25, 2010, the Commission issued Decision No. 71845. That decision fully consolidated the rates of the Pinewood and Rimrock water systems. That decision also partially consolidated the Sedona water system with Pinewood and Rimrock via a common monthly minimum charge. However, the commodity rates were not fully consolidated.³ It is at some point after that decision that the Company began referring to the Sedona, the Pinewood, and the Rimrock water systems collectively in what it now calls the Verde Valley System.⁴

On May 27, 2011, the Commission issued Decision No. 72375, which authorized the implementation of the Company's Sedona system Step-One ACRM.

The Step-One surcharge for the Sedona system authorized in Decision No. 72375 added \$0.40 to the monthly customer charge for a customer with a 5/8 x 3/4 inch meter and \$0.0418 per 1,000 gallons as a commodity charge. The Step-One surcharge increased the average residential customer bill using 9,297 gallons by approximately \$0.79, from \$39.75 to \$40.54, an increase of 2.0 percent.

III. Company's Current Amended Application

Sedona Step-Two

In its amended application, the Company requests a Step-Two ACRM Surcharge for its Sedona water system which is now part of the Company's newly named Verde Valley System. AWC's Step-Two ACRM application seeks to recover eligible arsenic expenses related to Operation and Maintenance Costs ("O&M"), depreciation expense, lease expense, income taxes and updated values of arsenic related net plant. The Company's present application proposes to replace the Step-One ACRM surcharge (\$0.40 monthly customer charge for a 5/8 x 3/4 inch

² Staff notes this point due to the recent deconsolidation of the EPCOR Anthem and Aqua Fria Wastewater District (Docket No. SW-01303A-09-0343).

³ On August 1, 2012, the Company filed a general rate application for its Northern group, in which it has requested full consolidation of the Sedona water system with Pinewood and Rimrock water systems.

⁴ There is no mention of a name change to Verde Valley in Decision No. 71845, as the Company contends.

meter customers⁵ and a \$0.0418 per thousand gallons commodity rate) with two components, a permanent Step-Two surcharge and a temporary Step-Two surcharge.

The incremental permanent portion of the Step-Two surcharge would increase the monthly minimum charge for a customer with a 5/8 x 3/4 inch meter by \$1.94 from \$0.40 to \$2.34, and would increase the commodity rate per thousand gallons by \$0.1815 from \$0.0418 to \$0.2233.

The temporary portion of the Step-Two surcharge provides for recovery of deferred O&M expenses and expires 12 months after implementation. The temporary portion of the Company's proposed Step-Two ACRM surcharge would add \$0.53 to the monthly charge for a 5/8 x 3/4 inch meter customer and \$0.0504 per thousand gallons of usage.

The combined incremental permanent portion and temporary portion of the Step-Two ACRM surcharge would result in a \$2.47 (i.e., 1.94 + 0.53) monthly customer charge and a \$0.2319 (i.e., 0.1815 + 0.0504) commodity rate per thousand gallons.⁶

The combined permanent and temporary portions of the Step-Two surcharge would increase (compared to the current bill with a Step-One surcharge) the average 5/8 x 3/4 inch customer bill (with 8,751 gallons of usage)⁷ by \$4.50, from \$39.47 to \$43.97 (11.4 percent).

Pinewood and Rimrock Step-One

In addition, Company's amended application, requests a Step-One ACRM for its Pinewood and Rimrock water systems, i.e., the non-Sedona portions of its Verde Valley system.

Alternative Step-Two Verde Valley ACRM

As an alternative to its combined Sedona Step-Two/Pinewood and Rimrock Step-One ACRM surcharge, the Company also proposes a Step-Two ACRM in which ACRM costs will be spread to the whole Verde Valley System (Pinewood/Rimrock/Sedona). The Pinewood and Rimrock Step-One and Alternative Step-Two Verde Valley ACRM are discussed below.

⁵ The monthly customer charge increases for larger meters.

⁶ The \$2.47 monthly minimum and commodity rate of \$0.2319, represent the incremental increases over the existing Step-One \$0.40 monthly minimum and commodity rate of \$0.0418. The total (permanent Step-Two plus temporary Step-Two) ACRM surcharge consists of a monthly minimum of \$2.87 (i.e., \$2.47 + \$0.40) and a commodity rate \$0.2737 (i.e., \$0.2319 + \$0.0418).

⁷ This was the usage provided by the Company for the Sedona Step 2 typical customer's usage. NOTE: the typical usage has changed from the Sedona Step 1 usage of 9,297 gallons.

IV. Authorization for an Arsenic Cost Recovery Mechanism (Decision Nos. 66400 and 71845).

Company Argument for Alternative Step-Two Verde Valley ACRM

The Company argues in its amended filing that in Decision No. 70702, dated January 20, 2009, that the Commission approved a Step-One ACRM surcharge for both the Casa Grande Water System and Stanfield Water System even though the systems were not consolidated at the time. This is correct; and the authorization for the ACRM was born out of Decision No. 68302 which stated the following:

“IT IS FURTHER ORDERED that Arizona Water Company shall implement the Arsenic Cost Recovery Mechanism for the Western Group in accordance with the Arsenic Cost Recovery Mechanism approved in Decision No. 66400 for Arizona Water Company’s Northern Group and Decision No. 66849 for Arizona Water Company’s Eastern Group.”

Therefore, AWC concluded that the Sedona portion of the Verde Valley Water System can be consolidated with the Pinewood and Rimrock portions of the Verde Valley Water System.

Staff recommendation for a Step-One ACRM for Pinewood and Rimrock and the Company’s alternative Step-Two Verde Valley ACRM

Staff’s position is there is no authorization granted by the Commission for the Company to implement a new ACRM for Pinewood and Rimrock in Docket No. W-01455A-08-0440, rendering the Company’s amended filing for a Step-One ACRM and alternative Step-Two ACRM for its Verde Valley System invalid.

In Decision No. 71845 (Docket No. W-01445A-08-0440), the Commission on page 93, specifically states:

“IT IS FURTHER ORDERED that Arizona Water Company is authorized to implement a new ACRM for the Sedona and Superstition systems, subject to compliance with the conditions established in Decision No. 66400. The Company shall be required to file a new application for each step of the ACRM surcharge consistent with the process outlined in Decision No. 66440.”

Further, the Commission in Decision No. 72375 (Docket No. W-01445A-08-0440), reaffirmed that only the Sedona and Superstition systems were eligible for an ACRM.

Therefore, Staff concludes that since an ACRM for the Pinewood and Rimrock portion of the Verde Valley Water System was never approved in Docket No. W-01445A-08-0440, the Step-One ACRM surcharge cannot be considered under this docket number. Likewise, the Company’s alternative for a Step-Two ACRM that includes not just the Sedona portion of the

Verde Valley Water System, but also the Pinewood and Rimrock Water Systems of the Verde Valley, also fails on the same merits.

The remainder of Staff's report focuses solely on the Commission authorized Step-Two ACRM for Sedona.

V. Residential Utility Consumer Office ("RUCO") Analysis

As of the date of this filing, RUCO has provided no analysis or recommendations.

VI. Staff Analysis

A. Filing Requirements

Decision No. 66400 requires AWC to file ten ACRM schedules as follows: balance sheet, income statement, earnings test, rate review, arsenic revenue requirement, surcharge calculation, adjusted rate base schedule, construction work in progress ledger, three-factor allocation and typical bill analysis. The Company duly submitted the required schedules.

B. Filing Requirements Compliance

Staff performed an examination of AWC's Step-Two ACRM surcharge filing for the stand-alone Sedona Water System and concludes that it conforms to the requirements specified in Decision Nos. 66400 and 71845. Staff found that AWC's filing included the required schedules. The ACRM schedules, as filed, provide for the calculation of a surcharge based on financial records and an Earnings Test Schedule that limit the ACRM surcharge revenue to an amount that would not result in a rate of return for the Sedona Water System that would exceed that authorized in Decision No. 71845.

C. Examination of Company Schedules and Utility Plant in Service

Staffs' examination of the Company's posting of amounts to the Construction Work in Progress ("CWIP") ledger showed that the postings accurately reflect the Company's records and reconcile to the supporting documentation submitted. Staff performed a field inspection and verified that the Sedona Water System's arsenic treatment facilities related to the Step-Two ACRM surcharge request are in service and are providing water that meets the new arsenic standard. Staff agrees with AWC's \$560,877 (\$457,517 permanent component and \$103,360 temporary component) Step-Two ACRM surcharge revenue requirement calculation. Staff also concurs with the amount of the Company's proposed permanent and temporary surcharge rates. Staff-recommended permanent and temporary Step-Two ACRM monthly customer charges are presented in ACRM Schedule JMM-1 and the commodity rate surcharges are presented in ACRM Schedule JMM-2. Staff recommends that the permanent or on-going ACRM surcharge remain in effect until rates are authorized in a future rate case and that the temporary surcharge that provides for recovery of deferred O&M expenses expire 12 months after implementation.

VII. Conclusions and Recommendations

Staff concludes that the Company has duly filed an ACRM application as required by Decision Nos. 66400 and 71845.

Staff further concludes that authorization of a permanent Step-Two ACRM surcharge only for its stand-alone Sedona system that supplants the Step-One ACRM surcharge remain in effect until new rates are established in a future rate case is appropriate. This surcharge should include costs for the updated net arsenic related plant and associated depreciation expense as well as the costs for eligible arsenic related O&M costs, lease expense and income taxes.

Staff further concludes that authorization of a temporary Step-Two ACRM surcharge that provides recovery of deferred O&M expenses and ceases 12 months after implementation is appropriate.

Staff recommends denial of the Company's Step-One ACRM for its Pinewood/Rimrock system.

Staff further recommends denial of the Company's alternative Step-Two ACRM for its Verde Valley System.

Staff further recommends approval of permanent and temporary Step-Two ACRM surcharges, which supplant the previously approved Step-One ACRM surcharge, comprised of the monthly customer components presented in ACRM Schedule JMM-1 and the commodity rate components presented in ACRM Schedule JMM-2 (see attached ACRM Schedules JMM-1 and JMM-2).

Staff further recommends that the Company file with the Commission an arsenic remedial surcharge tariff consistent with ACRM Schedules JMM-1 and JMM-2 that separately shows the permanent and temporary portions.

Staff further recommends that Arizona Water Company notify its Sedona Water System customers of the arsenic cost recovery surcharge tariffs approved herein within 30 days of the effective date of the Commission Decision.



Steven M. Olea
Director
Utilities Division

SMO:JMM:sms\RM

ORIGINATOR: Jeffrey M. Michlik

SCHEDULES

Monthly Customer Charges - Staff
(ACRM STEP 2)

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]
Base Customer Charge	Equivalent Meter Size	Step 1 Customer Charge Surcharge Decision No. 72375	Combined Base and Step 1 Customer Charge	Incremental Permanent Step 2 Customer Charge Surcharge	Permanent Step 2 Customer Charge Surcharge	Temporary Step 2 Customer Charge Surcharge	Combined Permanent and Temporary Surcharge	Combined Permanent and Temporary Base Customer Charges	Combined Permanent and Base Customer Charges
\$ 23.10	1.0	\$ 0.40	\$ 23.50	\$ 1.94	\$ 2.34	\$ 0.53	\$ 2.87	\$ 25.97	\$ 25.44
\$ 55.75	2.4	\$ 0.97	\$ 56.72	\$ 4.68	\$ 5.65	\$ 1.28	\$ 6.93	\$ 62.68	\$ 61.40
\$ 184.81	8.0	\$ 3.20	\$ 188.01	\$ 15.52	\$ 18.72	\$ 4.24	\$ 22.96	\$ 207.77	\$ 203.53
\$ 369.62	16.0	\$ 6.40	\$ 376.02	\$ 31.04	\$ 37.44	\$ 8.48	\$ 45.92	\$ 415.54	\$ 407.06
\$ 577.54	25.0	\$ 10.00	\$ 587.54	\$ 48.50	\$ 58.50	\$ 13.25	\$ 71.75	\$ 649.29	\$ 636.04
\$ 1,155.07	50.0	\$ 20.00	\$ 1,175.07	\$ 97.01	\$ 117.01	\$ 26.50	\$ 143.51	\$ 1,298.58	\$ 1,272.08
\$ 1,848.12	80.0	\$ 32.00	\$ 1,880.12	\$ 155.21	\$ 187.21	\$ 42.40	\$ 229.61	\$ 2,077.73	\$ 2,035.33
\$ 2,656.67	115.0	\$ 46.00	\$ 2,702.67	\$ 223.11	\$ 269.12	\$ 60.95	\$ 330.07	\$ 2,986.74	\$ 2,925.79
\$ 0	0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Gallons in Minimum

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]
Base Customer Charge	Equivalent Meter Size	Step 1 Customer Charge Surcharge Decision No. 72375	Combined Base and Step 1 Customer Charge	Incremental Permanent Step 2 Customer Charge Surcharge	Permanent Step 2 Customer Charge Surcharge	Temporary Step 2 Customer Charge Surcharge	Combined Permanent and Temporary Surcharge	Combined Permanent and Temporary Base Customer Charges	Combined Permanent and Base Customer Charges
\$ 21.74	1.0	\$ 0.40	\$ 22.14	\$ 1.94	\$ 2.34	\$ 0.53	\$ 2.87	\$ 24.61	\$ 24.08
\$ 54.36	2.5	\$ 1.00	\$ 55.36	\$ 4.85	\$ 5.85	\$ 1.33	\$ 7.18	\$ 61.54	\$ 60.21
\$ 173.96	7.5	\$ 3.01	\$ 176.97	\$ 14.61	\$ 17.62	\$ 3.99	\$ 21.61	\$ 195.57	\$ 191.58
\$ 347.92	15.1	\$ 6.02	\$ 353.94	\$ 29.22	\$ 35.24	\$ 7.98	\$ 43.23	\$ 391.15	\$ 383.16
\$ 543.62	23.5	\$ 9.41	\$ 553.03	\$ 45.65	\$ 55.07	\$ 12.47	\$ 67.54	\$ 611.16	\$ 598.69
\$ 1,087.25	47.1	\$ 18.83	\$ 1,106.08	\$ 91.31	\$ 110.14	\$ 24.95	\$ 135.09	\$ 1,222.33	\$ 1,197.39
\$ 1,739.60	75.3	\$ 30.12	\$ 1,769.72	\$ 146.10	\$ 176.22	\$ 39.91	\$ 216.13	\$ 1,955.73	\$ 1,915.82
\$ 2,500.67	105.3	\$ 43.30	\$ 2,543.97	\$ 210.01	\$ 253.31	\$ 57.37	\$ 310.69	\$ 2,811.36	\$ 2,753.98
\$ 0	0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Gallons in Minimum

Commodity Customer Charges - Staff
 (ACRM STEP 2)

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
		[A] + [B]	[E] - [B]					[A] + [E] + [F]	[A] + [E]
Commodity Rates	Customer Commodity Charge Decision No. 71845	Step-One Commodity Surcharge Decision No. 72375	Combined Commodity With Step-One Surcharge	Incremental Permanent Step 2 Customer Charge Surcharge	Permanent Step 2 Customer Charge Surcharge	Temporary Step 2 Customer Charge Surcharge	Combined Permanent and Temporary Surcharge	Combined Permanent & Temporary Commodity Customer Charges	Combined Permanent and Commodity Customer Charges
<u>5/8" x 3/4" Meter (Residential)</u>									
First 3,000 gallons	\$ 1,5317	\$ 0,0418	\$ 1,5735	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 1,8054	\$ 1,7550
First 10,000 gallons	\$ 1,9147	\$ 0,0418	\$ 1,9565	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,1884	\$ 2,1380
Over 10,000 gallons	\$ 2,3910	\$ 0,0418	\$ 2,4328	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,6647	\$ 2,6143
<u>5/8" x 3/4" Meter (Commercial)</u>									
First 10,000 gallons	\$ 1,9147	\$ 0,0418	\$ 1,9565	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,1884	\$ 2,1380
Over 10,000 gallons	\$ 2,3910	\$ 0,0418	\$ 2,4328	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,6647	\$ 2,6143
<u>1" Meter (Residential)</u>									
First 10,000 gallons	\$ 1,9470	\$ 0,0418	\$ 1,9888	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,2207	\$ 2,1703
Over 10,000 gallons	\$ 2,3910	\$ 0,0418	\$ 2,4328	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,6647	\$ 2,6143
<u>1" Meter (Commercial)</u>									
First 40,000 gallons	\$ 1,9470	\$ 0,0418	\$ 1,9888	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,2207	\$ 2,1703
Over 40,000 gallons	\$ 2,3910	\$ 0,0418	\$ 2,4328	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,6647	\$ 2,6143
<u>2" Meter (Residential & Commercial)</u>									
First 125,000 gallons	\$ 1,9470	\$ 0,0418	\$ 1,9888	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,2207	\$ 2,1703
Over 125,000 gallons	\$ 2,3910	\$ 0,0418	\$ 2,4328	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,6647	\$ 2,6143
<u>3" Meter (Residential & Commercial)</u>									
First 298,000 gallons	\$ 1,9470	\$ 0,0418	\$ 1,9888	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,2207	\$ 2,1703
Over 298,000 gallons	\$ 2,3910	\$ 0,0418	\$ 2,4328	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,6647	\$ 2,6143
<u>4" Meter (Residential & Commercial)</u>									
First 493,000 gallons	\$ 1,9470	\$ 0,0418	\$ 1,9888	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,2207	\$ 2,1703
Over 493,000 gallons	\$ 2,3910	\$ 0,0418	\$ 2,4328	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,6647	\$ 2,6143
<u>6" Meter (Residential & Commercial)</u>									
First 925,000 gallons	\$ 1,9470	\$ 0,0418	\$ 1,9888	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,2207	\$ 2,1703
Over 925,000 gallons	\$ 2,3910	\$ 0,0418	\$ 2,4328	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,6647	\$ 2,6143
<u>8" Meter (Residential & Commercial)</u>									
First 1,500,000 gallons	\$ 1,9470	\$ 0,0418	\$ 1,9888	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,2207	\$ 2,1703
Over 1,500,000 gallons	\$ 2,3910	\$ 0,0418	\$ 2,4328	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,6647	\$ 2,6143
<u>10" Meter (Residential & Commercial)</u>									
First 2,262,000 gallons	\$ 1,9470	\$ 0,0418	\$ 1,9888	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,2207	\$ 2,1703
Over 2,262,000 gallons	\$ 2,3910	\$ 0,0418	\$ 2,4328	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,6647	\$ 2,6143
<u>All Usage & All Gallons (Industrial)</u>									
First 1,500,000 gallons	\$ 1,6801	\$ 0,0418	\$ 1,7219	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 1,9538	\$ 1,9034
Over 1,500,000 gallons	\$ 2,2469	\$ 0,0418	\$ 2,2907	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,5226	\$ 2,4722
<u>2" Meter (Construction Water)</u>									
First 125,000 gallons	\$ 1,9470	\$ 0,0418	\$ 1,9888	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,2207	\$ 2,1703
Over 125,000 gallons	\$ 2,3910	\$ 0,0418	\$ 2,4328	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,6647	\$ 2,6143
<u>3" Meter (Construction Water)</u>									
First 325,000 gallons	\$ 1,9470	\$ 0,0418	\$ 1,9888	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,2207	\$ 2,1703
Over 325,000 gallons	\$ 2,3910	\$ 0,0418	\$ 2,4328	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,6647	\$ 2,6143
<u>4" Meter (Construction Water)</u>									
First 500,000 gallons	\$ 1,9470	\$ 0,0418	\$ 1,9888	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,2207	\$ 2,1703
Over 500,000 gallons	\$ 2,3910	\$ 0,0418	\$ 2,4328	\$ 0,1815	\$ 0,2233	\$ 0,0504	\$ 0,2737	\$ 2,6647	\$ 2,6143

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BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP
Chairman
GARY PIERCE
Commissioner
BRENDA BURNS
Commissioner
BOB BURNS
Commissioner
SUSAN BITTER SMITH
Commissioner

DOCKET NO. W-01445A-08-0400
DECISION NO. _____
ORDER

IN THE MATTER OF THE APPLICATION OF
ARIZONA WATER COMPANY’S AMENDED
APPLICATION FOR AUTHORITY TO
IMPLEMENT STEP-1
(PINWOOD/RIMROCK) AND STEP-2
(SEDONA) OF THE ARSENIC COST
RECOVERY MECHANISM IN ITS VERDE
VALLEY SYSTEM.

Open Meeting
January 30-31, 2013
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

A. Introduction

1. On August 25, 2010, the Arizona Corporation Commission (“Commission”) issued Decision No. 71845 in a general rate proceeding for Arizona Water Company’s (“Company”, “Applicant” or “AWC”) 18 water systems. In that Decision, the Commission authorized the Company to implement an ACRM for its Sedona system in compliance with the conditions established in Decision No. 66400. Subsequently, the Company began referring to the Pinewood, the Rimrock and the Sedona water systems collectively as the Verde Valley system which is a part of its Northern Group.

...
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1 2. Pursuant to Decision No. 68302, AWC filed an application with the Commission on
2 June 22, 2012, requesting authorization to implement Step-two of its ACRM for its Verde Valley
3 System.

4 3. An ACRM is a two-step mechanism. Decision No. 72375, dated May 27, 2011,
5 denied the Company’s request to implement a Step-One ACRM surcharge to each of the three
6 water systems in its Verde Valley system and instead authorized a Step-One ACRM surcharge
7 only for the Sedona water system. An ACRM had not been authorized for the Pinewood or
8 Rimrock water systems, and the Commission had not authorized consolidation of rates for the
9 three systems AWC refers to as its Verde Valley system.¹

10 4. In its original application for a step-two ACRM surcharge, the Company, again
11 requested to apply its ACRM surcharge to all three systems that comprise the Verde Valley
12 system. The original application, as filed, did not contain the Sedona-specific information
13 necessary to process the application only for the Sedona water system. Accordingly, Staff advised
14 the Company to file an amended application.

15 5. On August 23, 2012, the Company amended its application to include a Step-two
16 ACRM applicable only to the Sedona portion of the Verde Valley, and also requested authority to
17 implement a Step-One ACRM surcharge applicable to the Pinewood and Rimrock water systems.
18 As an alternative, the Company requests to expand its Step-two ACRM to include the whole Verde
19 Valley System. Under the alternative scenario, the ACRM costs would be spread over a larger
20 customer base, the whole Verde Valley system instead of just Sedona, thus lessening the cost per
21 customer, even though customers in Pinewood do not have arsenic levels that exceed the current
22 Safe Drinking Water Act requirement for Arsenic.²

23 ...
24 ...
25 ...

26 _____

27 ¹ Decision No. 72375, Finding of Fact No. 36 states, “We conclude that the Step-One ACRM surcharge is only
applicable to the Sedona water system.”

28 ² Staff notes this point due to the recent deconsolidation of the EPCOR Anthem and Aqua Fria Wastewater District
(Docket No. SW-01303A-09-0343).

1 **B. Background**

2 6. On August 25, 2010, the Commission issued Decision No. 71845. That decision
3 fully consolidated the rates of the Pinewood and Rimrock water systems. That decision also
4 partially consolidated the Sedona water system with Pinewood and Rimrock via a common
5 monthly minimum charge. However, the commodity rates were not fully consolidated.³ It is at
6 some point after that decision that the Company began referring to the Sedona, the Pinewood, and
7 the Rimrock water systems collectively in what it now calls the Verde Valley System.⁴

8 7. On May 27, 2011, the Commission issued Decision No. 72375, which authorized
9 the implementation of the Company's Sedona system Step-One ACRM.

10 8. The Step-One surcharge for the Sedona system authorized in Decision No. 72375
11 added \$0.40 to the monthly customer charge for a customer with a 5/8 x 3/4 inch meter and
12 \$0.0418 per 1,000 gallons as a commodity charge. The Step-One surcharge increased the average
13 residential customer using 9,297 gallons by approximately \$0.79, from \$39.75 to \$40.54, an
14 increase of 2.0 percent.

15 **C. Company's Current Amended Application**

16 **Sedona Step-Two**

17 9. In its amended application, the Company requests a Step-Two ACRM Surcharge
18 for its Sedona water system which is now part of the Company's newly named Verde Valley
19 System. AWC's Step-Two ACRM application seeks to recover eligible arsenic expenses related to
20 Operation and Maintenance Costs ("O&M"), depreciation expense, lease expense, income taxes
21 and updated values of arsenic related net plant. The Company's present application proposes to
22 replace the Step-One ACRM surcharge (\$0.40 monthly customer charge for a 5/8 x 3/4 inch meter
23 customers⁵ and a \$0.0418 per thousand gallons commodity rate) with two components, a
24 permanent Step-Two surcharge and a temporary Step-Two surcharge.

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26 _____
27 ³ On August 1, 2012, the Company filed a general rate application for its Northern group, in which it has requested full
consolidation of the Sedona water system with Pinewood and Rimrock water systems.

28 ⁴ There is no mention of a name change to Verde Valley in Decision No. 71845, as the Company contends.

⁵ The monthly customer charge increases for larger meters.

1 10. The incremental permanent portion of the Step-Two surcharge would increase the
2 monthly minimum charge for a customer with a 5/8 x 3/4 inch meter by \$1.94 from \$0.40 to \$2.34,
3 and would increase the commodity rate per thousand gallons by \$0.1815 from \$0.0418 to \$0.2233.

4 11. The temporary portion of the Step-Two surcharge provides for recovery of deferred
5 O&M expenses and expires 12 months after implementation. The temporary portion of the
6 Company's proposed Step-Two ACRM surcharge would add \$0.53 to the monthly charge for a 5/8
7 x 3/4 inch meter customer and \$0.0504 per thousand gallons of usage.

8 12. The combined incremental permanent portion and temporary portion of the Step-
9 Two ACRM surcharge would result in a \$2.47 (i.e. 1.94 + 0.53) monthly customer charge and a
10 \$0.2319 (i.e. 0.1815 + 0.0504) commodity rate per thousand gallons.⁶

11 13. The combined permanent and temporary portions of the Step-Two surcharge would
12 increase (compared to the current bill with a Step-One surcharge) the average 5/8 x 3/4 inch
13 customer bill (with 8,751 gallons of usage)⁷ by \$4.50, from \$39.47 to \$43.97 (11.4 percent).

14 **Pinewood and Rimrock Step-One**

15 14. In addition, Company's amended application, requests a Step-One ACRM for its
16 Pinewood and Rimrock water systems, i.e., the non-Sedona portions of its Verde Valley system.

17 **Alternative Step-Two Verde Valley ACRM**

18 15. As an alternative to its combined Sedona Step-Two/Pinewood and Rimrock Step-
19 One ACRM surcharge, the Company also proposes a Step-Two ACRM in which ACRM costs will
20 be spread to the whole Verde Valley System (Pinewood/Rimrock/Sedona). The Pinewood and
21 Rimrock Step-One and Alternative Step-Two Verde Valley ACRM are discussed below.

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25 _____
26 ⁶ The \$2.47 monthly minimum and commodity rate of \$0.2319, represent the incremental increase over the existing
27 Step-One \$0.40 monthly minimum and commodity rate of \$0.0418. The total (permanent Step-Two plus temporary
Step-Two) ACRM surcharge consists of a monthly minimum of \$2.87 (i.e., \$2.47 + \$0.40) and a commodity rate
\$0.2737 (i.e., \$0.2319 + \$0.0418).

28 ⁷ This was the usage provided by the Company for the Sedona Step 2 typical customer's usage. NOTE: the typical
usage has changed from the Sedona Step 1 usage of 9,297 gallons.

D. Authorization for an Arsenic Cost Recovery Mechanism (Decision Nos. 66400 and 71845).

Company Argument for an Alternative Step-Two Verde Valley ACRM

16. The Company argues in its amended filing that in Decision No. 70702, dated January 20, 2009, that the Commission approved a Step-One ACRM surcharge for both the Casa Grande Water System and Stanfield Water System even though the systems were not consolidated at the time. This is correct; and the authorization for the ACRM was born out of Decision No. 68302 which stated the following:

IT IS FURTHER ORDERED that Arizona Water Company shall implement the Arsenic Cost Recovery Mechanism for the Western Group in accordance with the Arsenic Cost Recovery Mechanism approved in Decision No. 66400 for Arizona Water Company's Northern Group and Decision No. 66849 for Arizona Water Company's Eastern Group.

17. Therefore, AWC concluded that the Sedona portion of the Verde Valley Water System can be consolidated with the Pinewood and Rimrock portions of the Verde Valley Water System.

Staff' recommendation for a Step-One ACRM for Pinewood and Rimrock and the Company's alternative Step-Two Verde Valley ACRM

18. Staff position is there is no authorization granted by the Commission for the Company to implement a new ACRM for Pinewood and Rimrock in Docket No. W-01455A-08-0440, rendering the Company's amended filing for a Step-One ACRM and alternative Step-Two ACRM for Sedona invalid.

19. In Decision No. 71845 (Docket No. W-01445A-08-0440), the Commission on page 93, specifically states:

IT IS FURTHER ORDERED that Arizona Water Company is authorized to implement a new ACRM for the Sedona and Superstition systems, subject to compliance with the conditions established in Decision No. 66400. The Company shall be required to file a new application for each step of the ACRM surcharge consistent with the process outlined in Decision No. 66440.

...

...

1 20. The Commission in Decision No. 72375 (Docket No. W-01445A-08-0440)
2 reaffirmed that only the Sedona and Superstition systems were eligible for an ACRM.

3 21. Therefore, Staff concluded that since an ACRM for the Pinewood and Rimrock
4 portion of the Verde Valley Water System was never approved in Docket No. W-01445A-08-
5 0440, the Step-One ACRM surcharge cannot be considered under this docket number. Likewise,
6 the Company's alternative for a Step-Two ACRM that includes not just the Sedona portion of the
7 Verde Valley Water System, but also the Pinewood and Rimrock Water Systems of the Verde
8 Valley, also fails on the same merits.

9 **D. Residential Utility Consumer Office ("RUCO") Analysis**

10 22. RUCO did not make a filing regarding this matter.

11 **E. Staff Analysis**

12 **Filing Requirements**

13 23. Decision No. 66400 requires AWC to file ten ACRM schedules as follows: balance
14 sheet, income statement, earnings test, rate review, arsenic revenue requirement, surcharge
15 calculation, adjusted rate base schedule, construction work in progress ledger, three-factor
16 allocation and typical bill analysis. The Company duly submitted the required ten schedules.

17 **Filing Requirements Compliance**

18 24. Staff performed an examination of AWC's Step-Two ACRM surcharge filing for
19 the stand-alone Sedona Water System and concluded that it conforms to the requirements specified
20 in Decision Nos. 66400 and 71845. Staff found that AWC's filing included the required schedules.
21 The ACRM schedules, as filed, provide for the calculation of a surcharge based on financial
22 records and an Earnings Test Schedule that limit the ACRM surcharge revenue to an amount that
23 would not result in a rate of return for the Sedona Water System that would exceed that authorized
24 in Decision No. 71845.

25 **Examination of Company Schedules and Utility Plant in Service**

26 25. Staffs examination of the Company's posting of amounts to the Construction Work
27 in Progress ledger showed that the postings accurately reflect the Company's records and reconcile
28 to the supporting documentation submitted. Staff performed a field inspection and verified that the

1 Sedona Water System's arsenic treatment facilities related to the Step-Two ACRM surcharge
2 request are in service and are providing water that meets the new arsenic standard. Staff agrees
3 with AWC's \$560,877. (\$457,517 permanent component and \$103,360 temporary component)
4 Step-Two ACRM surcharge revenue requirement calculation. Staff also concurs with the amount
5 of the Company's proposed permanent and temporary surcharge rates. Staff-recommended
6 permanent and temporary Step-Two ACRM monthly customer charges are presented in ACRM
7 Schedule JMM-1 and the commodity rate surcharges are presented in ACRM Schedule JMM-2.
8 Staff recommends that the permanent or on-going ACRM surcharge remain in effect until rates are
9 authorized in a future rate case and that the temporary surcharge that provides for recovery of
10 deferred O&M expenses expire 12 months after implementation.

11 **F. Conclusions and Recommendations**

12 26. Staff concluded that the Company has duly filed an ACRM application as required
13 by Decision Nos. 66400 and 71845.

14 27. Staff further concluded that authorization of a permanent Step-Two ACRM
15 surcharge only for its stand-alone Sedona system that supplants the Step-One ACRM surcharge
16 remain in effect until new rates are established in a future rate case is appropriate. This surcharge
17 should include costs for the updated net arsenic related plant and associated depreciation expense
18 as well as the costs for eligible arsenic related O&M costs, lease expense and income taxes.

19 28. Staff further concluded that authorization of a temporary Step-Two ACRM
20 surcharge that provides recovery of deferred O&M expenses and ceases 12 months after
21 implementation is appropriate.

22 29. Staff recommends denial of the Company's alternative Step-One ACRM for its
23 Pinewood/Rimrock system.

24 30. Staff recommends denial of the Company's alternative Step-Two ACRM for its
25 Verde Valley System.

26 31. Staff further recommends approval of permanent and temporary Step-Two ACRM
27 surcharges, which supplant the previously approved Step-One ACRM surcharge, comprised of the
28 ...

1 monthly customer components presented in ACRM Schedule JMM-1 and the commodity rate
2 components presented in ACRM Schedule JMM-2.

3 32. Staff further recommends that the Company file with the Commission an arsenic
4 remedial surcharge tariff consistent with ACRM Schedules JMM-1 and JMM-2 that separately
5 shows the permanent and temporary portions.

6 33. Staff further recommends that Arizona Water Company notify its Sedona Water
7 System customers of the arsenic cost recovery surcharge tariffs approved herein within 30 days of
8 the effective date of the Commission Decision.

9 CONCLUSIONS OF LAW

10 1. The Company is a public water service corporation within the meaning of Article
11 XV of the Arizona Constitution and A.R.S. 40-250 and 40-252.

12 2. The Commission has jurisdiction over the Company and the subject matter of the
13 application.

14 3. Approval of an arsenic cost recovery mechanism is consistent with the
15 Commission's authority under the Arizona Constitution, Arizona ratemaking statutes, and
16 applicable case law.

17 4. It is in the public interest to approve the Company's request for implementation of
18 the Step-Two ACRM and directed herein.

19 ORDER

20 IT IS THEREFORE ORDERED that the application by Arizona Water Company's
21 alternative Step-One ACRM for its Pinewood/Rimrock system is denied.

22 IT IS FURTHER ORDERED that Arizona Water Company's alternative Step-Two ACRM
23 for its Verde Valley system is denied.

24 IT IS FURTHER ORDERED that the implementation of Step-Two of Arizona Water
25 Company's Arsenic Cost Recovery Mechanism for only its Sedona Water System is approved as
26 discussed herein, and it shall contain the permanent and temporary monthly minimum charges and
27 commodity rates as presented in the attached ACRM Schedules JMM-1 and JMM-2.

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1 IT IS FURTHER ORDERED that upon approval of the permanent Step-Two surcharge, the
2 Step-One surcharge amounts will be absorbed into the permanent Step-Two amount and the Step-
3 One surcharge will cease.

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1 IT IS FURTHER ORDERED that the recovery of deferred O&M expenses will cease after
2 the 12-month recovery period.

3 IT IS FURTHER ORDERED that Arizona Water Company shall notify its Sedona Water
4 System customers of the arsenic cost recovery surcharge tariff approved herein within 30 days of
5 the effective date of this Decision.

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

7

8 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

9

10

CHAIRMAN

COMMISSIONER

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COMMISSIONER

COMMISSIONER

COMMISSIONER

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IN WITNESS WHEREOF, I, JODI JERICH, Executive
Director of the Arizona Corporation Commission, have
hereunto, set my hand and caused the official seal of this
Commission to be affixed at the Capitol, in the City of
Phoenix, this _____ day of _____, 2013.

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JODI JERICH
EXECUTIVE DIRECTOR

21

22 DISSENT: _____

23

24 DISSENT: _____

25

SMO:JMM:sms\RMM

26

27

28

1 SERVICE LIST FOR: Arizona Water Company
DOCKET NO. W-01445A-08-0440

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SCHEDULES

Commodity Customer Charges - Staff
(ACRM STEP 2)

ACRM Schedule JMM-2

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
	Customer Commodity Charge Decision No. 71845	Step-One Commodity Surcharge Decision No. 72375	(A) + (B)	Incremental Permanent Step 2 Customer Charge Surcharge	Permanent Step 2 Customer Charge Surcharge	Temporary Step 2 Customer Charge Surcharge	Combined Permanent and Temporary Surcharge	(A) + (E) + (F)	(A) + (E)
Commodity Rates									
<u>5/8" x 3/4" Meter (Residential)</u>									
First 3,000 gallons	\$ 1,5317	\$ 0.0418	\$ 1,5735	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 1,8054	\$ 1,7550
3,001 to 10,000 gallons	\$ 1,9147	\$ 0.0418	\$ 1,9565	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,1884	\$ 2,1380
Over 10,000 gallons	\$ 2,3910	\$ 0.0418	\$ 2,4328	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,6647	\$ 2,6143
<u>5/8" x 3/4" Meter (Commercial)</u>									
First 10,000 gallons	\$ 1,9147	\$ 0.0418	\$ 1,9565	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,1884	\$ 2,1380
Over 10,000 gallons	\$ 2,3910	\$ 0.0418	\$ 2,4328	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,6647	\$ 2,6143
<u>1" Meter (Residential)</u>									
First 10,000 gallons	\$ 1,9470	\$ 0.0418	\$ 1,9888	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,2207	\$ 2,1703
Over 10,000 gallons	\$ 2,3910	\$ 0.0418	\$ 2,4328	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,6647	\$ 2,6143
<u>1" Meter (Commercial)</u>									
First 40,000 gallons	\$ 1,9470	\$ 0.0418	\$ 1,9888	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,2207	\$ 2,1703
Over 40,000 gallons	\$ 2,3910	\$ 0.0418	\$ 2,4328	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,6647	\$ 2,6143
<u>2" Meter (Residential & Commercial)</u>									
First 125,000 gallons	\$ 1,9470	\$ 0.0418	\$ 1,9888	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,2207	\$ 2,1703
Over 125,000 gallons	\$ 2,3910	\$ 0.0418	\$ 2,4328	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,6647	\$ 2,6143
<u>3" Meter (Residential & Commercial)</u>									
First 298,000 gallons	\$ 1,9470	\$ 0.0418	\$ 1,9888	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,2207	\$ 2,1703
Over 298,000 gallons	\$ 2,3910	\$ 0.0418	\$ 2,4328	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,6647	\$ 2,6143
<u>4" Meter (Residential & Commercial)</u>									
First 483,000 gallons	\$ 1,9470	\$ 0.0418	\$ 1,9888	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,2207	\$ 2,1703
Over 483,000 gallons	\$ 2,3910	\$ 0.0418	\$ 2,4328	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,6647	\$ 2,6143
<u>6" Meter (Residential & Commercial)</u>									
First 925,000 gallons	\$ 1,9470	\$ 0.0418	\$ 1,9888	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,2207	\$ 2,1703
Over 925,000 gallons	\$ 2,3910	\$ 0.0418	\$ 2,4328	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,6647	\$ 2,6143
<u>8" Meter (Residential & Commercial)</u>									
First 1,500,000 gallons	\$ 1,9470	\$ 0.0418	\$ 1,9888	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,2207	\$ 2,1703
Over 1,500,000 gallons	\$ 2,3910	\$ 0.0418	\$ 2,4328	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,6647	\$ 2,6143
<u>10" Meter (Residential & Commercial)</u>									
First 2,262,000 gallons	\$ 1,9470	\$ 0.0418	\$ 1,9888	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,2207	\$ 2,1703
Over 2,262,000 gallons	\$ 2,3910	\$ 0.0418	\$ 2,4328	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,6647	\$ 2,6143
<u>All Usage & All Gallons (Industrial)</u>									
First 1,9034	\$ 1,6801	\$ 0.0418	\$ 1,7219	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 1,9538	\$ 1,9034
<u>All Usage & All Gallons (Sales for Resale)</u>									
First 2,4722	\$ 2,2489	\$ 0.0418	\$ 2,2907	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,5226	\$ 2,4722
<u>2" Meter (Construction Water)</u>									
First 125,000 gallons	\$ 1,9470	\$ 0.0418	\$ 1,9888	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,2207	\$ 2,1703
Over 125,000 gallons	\$ 2,3910	\$ 0.0418	\$ 2,4328	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,6647	\$ 2,6143
<u>3" Meter (Construction Water)</u>									
First 325,000 gallons	\$ 1,9470	\$ 0.0418	\$ 1,9888	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,2207	\$ 2,1703
Over 325,000 gallons	\$ 2,3910	\$ 0.0418	\$ 2,4328	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,6647	\$ 2,6143
<u>4" Meter (Construction Water)</u>									
First 500,000 gallons	\$ 1,9470	\$ 0.0418	\$ 1,9888	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,2207	\$ 2,1703
Over 500,000 gallons	\$ 2,3910	\$ 0.0418	\$ 2,4328	\$ 0.1815	\$ 0.2233	\$ 0.0504	\$ 0.2737	\$ 2,6647	\$ 2,6143