

ORIGINAL

Arizona Corporation Commission
DOCKETED

JUN 12 2013



BEFORE THE ARIZONA CORPORATION COMMISSION

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BOB STUMP,
Chairman
GARY PIERCE

BRENDA BURNS

BOB BURNS

SUSAN BITTER SMITH

2013 JUN 12 A 9 07

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION)
OF ARIZONA-AMERICAN WATER)
COMPANY, AN ARIZONA)
CORPORATION, FOR A)
DETERMINATION OF THE CURRENT)
FAIR VALUE OF ITS UTILITY PLANT)
AND PROPERTY AND FOR INCREASES)
IN ITS RATES AND CHARGES BASED)
THEREON FOR UTILITY SERVICE BY ITS)
AGUA FRIA WATER DISTRICT, HAVASU)
WATER DISTRICT, AND MOHAVE)
WATER DISTRICT.)

DOCKET NO. W-01303A-10-0448

NOTICE OF FILING WHITE
TANKS HOOK-UP FEE
SURCREDIT & NON-FIRM
TREATMENT SERVICES
CREDIT

EPCOR Water (Arizona) Inc. ("EWAZ") makes its first filing, as per the Settlement Agreement (Decision No. 73145) to commence the White Tanks Hook-Up Fee Surcredit for Agua Fria Water District customers effective July 1, 2013.

As the attachments indicate, the amount of White Tanks Hook-up fees collected during the twelve-month period July 1, 2012 thru June 30, 2013 (June is an estimate) was \$1,661,249, which is in excess of the \$1,000,000 estimated in the Settlement Agreement. As per Attachment B (the Settlement Agreement Addenda) of Decision No. 73145, the monthly surcredit for Residential 5/8" and 3/4" meter customers is **(\$0.14) plus (\$0.0207) per 1,000 gallons consumed** which is approximately a 0.63% decrease for a typical customer. The surcredit is automatically effective and will appear as separate line items on customer bills.

There have not been any non-firm treatment services.

As per Decision No. 73145, EWAZ will make its second annual filing shortly prior to July 1, 2014, which will include the required true-up of the surcredit.

1
2 RESPECTFULLY SUBMITTED this 12th day of June, 2013.

3
4 
5 Sandra Murrey
6 EWAZ
7 2355 W. Pinnacle Peak Road, Suite 300
8 Phoenix, AZ 85027
9 Senior Rate Analyst

10 ORIGINAL and fifteen (15) copies
11 of the foregoing filed
12 this 12th day of June, 2013, with:

13 The Arizona Corporation Commission
14 Utilities Division – Docket Control
15 1200 W. Washington Street
16 Phoenix, Arizona 85007

17 Copy of the foregoing hand-delivered
18 this 12th day of June, 2013, to:

19 Steve Olea
20 Utilities Division
21 Arizona Corporation Commission
22 1200 W. Washington Street
23 Phoenix, Arizona 85007

24 Dwight D. Nodes, Administrative Law Judge
25 Arizona Corporation Commission
26 1200 W. Washington Street
Phoenix, Arizona 85007

Janice Alward, Chief Counsel
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Legal Department
Arizona Corporation Commission
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**EPCOR Water Arizona, Inc.
White Tanks Hook-Up Fee Surcredit Calculation**

Line No.	Meter Size	Number of Customers @ May 31, 2013	Meter Multiples	Equivalent Meters	Monthly Basic Service Surcredit
1	Agua Fria Residential 5/8" & 3/4"	33,234	1.0	33,234	\$ (0.14)
2	Agua Fria Residential 1"	5,697	2.5	14,243	\$ (0.35)
3	Agua Fria Residential 1-1/2"	131	5.0	655	\$ (0.70)
4	Agua Fria Residential 2"	145	8.0	1,160	\$ (1.12)
5	Agua Fria Commercial 5/8" & 3/4"	102	1.0	102	\$ (0.14)
6	Agua Fria Commercial 1"	206	2.5	515	\$ (0.35)
7	Agua Fria Commercial 1-1/2"	286	5.0	1,430	\$ (0.70)
8	Agua Fria Commercial 2"	460	8.0	3,680	\$ (1.12)
9	Agua Fria Commercial 3"	50	16.0	800	\$ (2.24)
10	Agua Fria Commercial 6"	3	50.0	150	\$ (7.00)
11	Agua Fria Commercial 8"	-	80.0	-	\$ (11.20)
12	Agua Fria Irrigation	2	8.0	16	\$ (1.12)
13	Agua Fria OPA - State Prison	1	16	16	\$ (2.24)
14	Total	40,317		56,001	

CALCULATION OF CUSTOMER CREDIT BASED ON WHITE TANKS HOOK-UP FEES COLLECTED FROM JULY 1, 2012 THROUGH JUNE 30, 2013:

22	Calculation of Surcredit				
23	Total Annual White Tanks Hook-Up Fee Credit to Customers	\$	(212,011)		
24					
25	Basic Service Revenue - 45% of Credit	\$	(95,405)		
26	Commodity Revenue - 55% of Credit			\$	(116,606)
27					
28					
29	Monthly Surcredit Per Equivalent Meter			672,006	
30	Annual Equivalent Meters				
31					
32	Basic Service Surcredit for 5/8" & 3/4" Minimum Surcharge	\$	(0.14)		
33	** See above table for basic service surcredit for other meter sizes				
34					
35					
36	Total Consumption, kgal (5/31/2013)				5,629,925
37					
38	Commodity Surcredit per kgal	\$			(0.0207)

EPCOR Water Arizona, Inc.
White Tanks Hook-Up Fee Surcredit Calculation

PRE-TAX RATE OF RETURN CALCULATION:

Line No.	Description	Percent	Cost Rate	Weighted Cost	Pre-Tax ROR	NOI After Tax Deduction For Interest	After-Tax WACC
1	Long-Term Debt	47.38%	5.66%	2.68%	2.680%	61.40%	1.64552%
2	Short-Term Debt	11.35%	0.41%	0.05%	0.050%	61.40%	0.03070%
3	Stockholder's Equity	41.27%	10.60%	4.37%	4.370%	100.00%	4.37000%
4	Total			<u>7.10%</u>	<u>7.100%</u>		<u>6.04622%</u>
5						GRCF	1.6609
6	Weighted Cost of Debt			<u>2.73%</u>		Pre-Tax ROR	<u>10.042%</u>

Notes and Source:

Lines 1 thru 6 - Letter of Intent filed on December 8, 2011
 Combined Income Tax Rate:

Combined Tax Rate 38.60%
 61.40%

CALCULATION OF CUSTOMER CREDIT BASED ON WHITE TANKS HOOK-UP FEES COLLECTED:

Line No.	Description	
1	Total Annual White Tanks Hook-Up Fees ⁽¹⁾	\$ (1,661,249)
2	Times: Pre-Tax ROR	<u>10.042%</u>
3	Pre-Tax ROR Portion of Credit	\$ (166,825)
4	Total Annual White Tanks Hook-Up Fees	\$ (1,661,249)
5	Times: Composite Rate of Amortization	<u>2.720%</u>
6	Annual Amortization of Hook-Up Fee Portion of Credit	\$ (45,186)
7	Total Annual White Tanks Hook-Up Fee Credit	<u>\$ (212,011)</u>

Note: (1) Amount consists of actual hook up fees collected during the period of July 1, 2012, through May 31, 2013.
 Plus an estimate for amounts to be collected during June 2013. This one month estimate will be trued-up on the next annual calculation.

July 2012 through Dec 2012 - Actuals	\$ 789,171
Jan 2013 through May 2013 - Actuals	\$ 726,732
June 2013 - Estimate	\$ 145,346
	<u>\$ 1,661,249</u>