

ORIGINAL

NEW APPLICATION



0000146278

Cibola Mutual Water Company

Arizona Corporation Commission

DOCKETED

R.R. 2 Box 77
5948 Levee Road
Cibola AZ 85328

JUL - 1 2013

Telephone: 928-857-3506

e-mail: cibolamutualwater@arizona.com

DOCKETED BY	NR
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June 1, 2013

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION
1200 WEST WASHINGTON STREET
PHOENIX AZ 85007

W-04106A-13-0228

ATTN: DOCKET CONTROL CENTER

RE: Proposed Rate Increases

RECEIVED
2013 JUL - 1 P 2:01
AZ CORP COMMISSION
DOCKET CONTROL

The Cibola Mutual Water Co. Inc.'s CC&N'S Docket No. W-04106A-02-0312 Decision 65750 dated March 20, 2003 requires CMWC. To file for a rate review no later than three months following the third anniversary of the date the company first begins providing service. CMWCo. Inc. Began service on August 1, 2010.

The March 20, 2003 rate decision was based on 1.8 million dollars in construction costs supplying 115 services. The actual cost incurred by the time CMWCo. Inc. started service was 6 million dollars supplying 200 services.

The construction money for this system came from USDA-Rural Development through Grants and loans of \$343,000 at 4.5% for 40 years.

Since beginning service on August 1, 2010 there has been 37 services that have been shut off causing a loss of approximately \$20,000 a year based on our current base rate of \$45.00 per month per meter, not including usage revenue.

Our service area has only 35 services that are year round residents. The balance of the 163 services are snowbirds or occasional weekend visitors, who we feel may shut off their services if there is a rate increase; thus incurring a greater loss of revenue.

We have only one commercial account which is a very small convenience store. The balances are residential accounts. There are also no development plans in the near future as we are surrounded by Bureau of Land Management, Bureau of Reclamations and U.S. Fish and Wildlife land, and a few small farms in our service area. At this time there are only two services on our service area. At this time there are only two services on or waiting list to be installed.

Our five employees are all part time. We have tried to reduce our operating costs these past two years but cannot get ahead of the loss of revenue.

Our agreement with USDA-Rural Development requires us to keep 10% of our annual revenue set aside so that our loans with them can be paid, however we have not been able to comply with this requirement, nor set aside any revenue for future maintenance and repair. Fortunately all our equipment was new in 2010, however, will soon require major service/repair costs due to wear and tear.

We are also required by USDA-Rural Development to prepare a Federal Audit for 2009 and 2010 which has cost our company an additional \$38,000.

Please see the attached the information upon which we base this request for a rate increase.

CMWCO. RATE INCREASE REQUEST IS AS FOLLOWS:

MONTHLY USAGE CHARGE	RATE
¾" METER	\$65.00
1" METER	\$70.00
1 ½" METER	\$140.00
2 " METER	\$194.00
3" METER	\$320.00
4" METER	\$500.00
5" METER	\$734.00
6" METER	\$950.00

GALLONAGE CHARGE PER 1000 GALLONS	RATE
FROM 1 – 8000 GALLONS	\$3.00
FROM 8001-16000 GALLONS	\$3.50
FROM 16001 AND UP	\$4.00

SERVICE CHARGES	RATE
ESTABLISHMENT	\$50.00
ESTABLISHMENT (AFTER HOURS)	\$60.00
RECONNECTION (DELINQUENT)	\$60.00
METER TEST (IF CORRECT)	\$35.00
REESTABLISHMENT (WITHIN 12 MONTHS)	**
NSF CHECK	\$35.00
METER REREAD (IF CORRECT)	\$25.00

** MONTHS OFF SYSTEM TIMES THE MONTHLY MINUMIN PER COMMISSION RULE A.A.C. R14-2-403D

SERVICE LINE & METER INSTALLATIONS CHARGES	RATE
3/4" METER	\$5000
1 " METER	\$5200
1 - 1/2" METER	\$5500
2" METER	\$6090
3" METER	\$6690
4" METER	\$8980
5" METER	\$10275
6" METER	\$11575

La Paz County has recently paved (chip sealed) our roads, all of the side roads were gravel prior to this chip seal. La Paz County is requiring us to replace any patch work required with 2" asphalt and a compaction test on subgrade. This is expensive because the closest hot asphalt for procurement is 125 miles from our area and there is a minimum load requirement; also the cost of a compaction test.

I have attached a bid to perform the earthwork, compaction and patching by the only contractor willing to bid the work for over 25 miles. We have used B & K Grading in the past and they are very reliable and efficient.

Please see below the table detailing the labor and material costs for this project.

CMWCo. LABOR	3 HRS @ \$25 PER HOUR EQUAL \$75.00
MATERIALS	
SADDLE	\$70.00
CORP. STOP	\$75.00
25 FT. OF HPE LINE	\$35.00
ANGLE STOP	\$60.00
¾ " METER	\$255.00
METER BOX/LID	\$75.00
CURB STOP	\$80.00
TOTAL FOR MATERIAL AND LABOR COSTS	\$725.00
B & K GRADING BID	\$3550.00
GRAND TOTAL	\$4275.00

\$4275.00 is the current cost to install a meter and does not take into consideration any future price increases by suppliers.

Any further questions or requirements please contact me; my contact information is as follows:

Sincerely,



Dave Grundy –General Manager
CIBOLA MUTUAL WATER COMPANY
4958 LEVEE ROAD
R.R. 2 BOX 77
CIBOLA AZ 85328
928.857.3506
E-MAIL: cibolamutualwater@hotmail.com

Certificate of Compliance

Letter of Good Standing

Cibola Mutual Water Company

This Certificate of Compliance is issued pursuant to Arizona Revised Statutes Section 42-1110 and/or Section 43-1151. It certifies that, according to department records, the above named taxpayer has filed and paid all taxes due under Title 42 and Title 43, specifically and only as to the following described tax types and identification/license numbers:

TAX TYPE	IDENTIFICATION
Federal Employer Identification Number	86-09994635
Transaction Privilege Tax License	20-595294-4
Withholding License	86-0999463-5

This certification is made conditionally and is subject to the findings of any subsequent audit.

Issued To:
Cibola Mutual Water Company
Attn: Roger Murphey
RR 2 Box 77 / 5948 Levee Road
Cibola, AZ 85328

Ana Martinez
Manager 602-716-6234
June 21, 2013
www.AZDOR.gov



National Meter & Automation-Ariz
7777 E Paradise Lane Ste 104
SCOTTSDALE AZ 85260
480-596-8600 Fax 480-596-8606

Quotation

QUOTE DATE	QUOTE NUMBER
01/31/13	S1043701
ORDER TO: National Meter & Automation-Ar 7777 E Paradise Lane Ste 104 SCOTTSDALE AZ 85260 480-596-8600 Fax 480-596-8606	PAGE NO 1

QUOTE TO:
 Cibola MWC
 RR2 Box 77
 CIBOLA, AZ 85328

SHIP TO:
 Cibola MWC
 65770 N Rice
 CIBOLA, AZ 85328

CUSTOMER NUMBER	CUSTOMER ORDER NUMBER	RELEASE NUMBER	SALESPERSON	
2653			John Bjorklund	
WRITER	SHIP VIA	TERMS	SHIP DATE	FREIGHT ALLOWED
Chet Olinger		Net Due 30 Days	01/31/13	No
ORDER QTY	PART NO	DESCRIPTION	Unit Price	Net
1ea	BR55BLLLR	BR55 1"x 10 3/4" METER BODY ONLY W/ BRZ BTM, NSF-61 LOW LEAD .3993	340.000	340.00
1ea	M55IPORDPFH3	M55 FH RTR CE INT PIT ORION W/ DP, GAL, TX, 3', FREQUENCY HOPPING .4457	0.000	0.00
1ea	BR55BBLR	BR55 1"x 10 3/4" METER BODY ONLY W/ BRZ BTM .2712	300.000	300.00
1ea	M55IPORDPFH3	M55 FH RTR CE INT PIT ORION W/ DP, GAL, TX, 3', FREQUENCY HOPPING .4457 ***** *	0.000	0.00
1ea	BR25BLLLR	BR25 5/8 x 3/4 METER BODY ONLY W/ BRZ BTM, NSF-61 LOW LEAD .115	235.000	235.00
1ea	M25IPOR3DPFH	M25 FH RTR CE INT PIT ORION W/ DP, GAL, TX, 3', FREQUENCY HOPPING .4426	0.000	0.00
TAXES NOT INCLUDED				
			Subtotal	875.00
			S&H CHGS	0.00
			Amount Due	875.00

This is a Quotation.

Price are firm for 30 days, subject to change without notice after 30 days.
 Applicable taxes extra.

RR 2 Box 118
Cibola, Az. 85328
(928)857-0082

To Whom it may concern,

Here is the breakdown of the cost per your request for asphalt.

Cost Breakdown for CMWC

Qty	Price Breakdown	Price
	Move charge and barricade set up	200
	Saw cut	100
4hrs	Backhoe and @110.00 per hour	440
2	Laborer 4 hours compact and clean	
	per hour per laborer	160
	Dump fee asphalt removal	100

Asphalt Charge

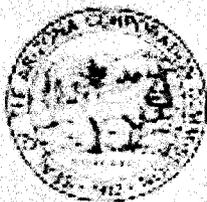
	Truck Fee	600
	Price per ton \$95.00 with a 6 ton min.	570
	County Requires (Install 2" compacted	
	Hot asphalt	
2	hour tractor @100	200
3hrs	2 laborer @ 20.00	180
	Compaction test on subgrade up to	1,000
	Total	3,550

Please call Shad Lee with any questions 928-857-0082

**Class C, D & E
Water Company
Rate Review Form**

**Arizona Corporation Commission
Utilities Division
Steven M. Olea – Director**

Revised: August 15, 2011



ARIZONA CORPORATION COMMISSION

Filing Requirements

ALL FILINGS REQUIRE

- 1.) An original + 13 copies
- 2.) The Docket number **MUST** be on all copies of the filing [to include the Cover Sheet].
 - a) The exception is a New Application.
- 3.) All copies must be properly collated.
 - a) Please do not send stacks of documents for Docket to collate.
- 4.) No confidential or proprietary information will be docketed.
 - a) If you must file confidential information, you must make prior arrangements with the Hearing or Legal Division(s).
 - b) It is also the filing parties' responsibility to remove or redact any personal information that would not be appropriate for public view.
- 5.) All documents must be filed on 8-1/2" x 11" paper - **NO EXCEPTIONS.**
(Additional copies to be distributed to parties may be larger if necessary, please contact Docket Control 602-542-3477 for more information.)
- 6.) If the filing is for an existing Docket, the filing party must mail the filed document to **ALL** parties on the Service List (see E-Docket for copy of Service List).

COVER SHEETS ARE NO LONGER REQUIRED

If you have any questions concerning the filing of documents please contact Docket Control at (602) 542-3477.

**CLASS C, D & E WATER COMPANY RATE REVIEW
INSTRUCTIONS**

Complete Schedules 1, 2 and 3 with information from the most recent twelve-month period available. Enclose a Certificate of Tax Clearance issued by the Arizona Department of Revenue. The Certificate can be obtained from the Arizona Department of Revenue using the attached form.

Docket No./Decision No.: W-04106A-02-0312/65750

Period Ending: 12/31/12

**CLASS C, D & E WATER COMPANY RATE REVIEW
STATEMENT OF NET INCOME**

Acct. No.			
	OPERATING REVENUES		
461	Metered Water Revenue	102,980.	
460	Unmetered Water Revenue		
474	Other Water Revenues	1,003.	
	TOTAL OPERATING REVENUE		\$ 103,983.
	OPERATING EXPENSES		
601-603	Salaries and Wages	43,684.	
610	Purchased Water		
615	Purchased Power	9,895.	
618	Chemicals	2,343.	
620	Materials & Supplies; repairs and maintenance	9,477.	
621	Office Supplies and Expense	7,371.	
630-636	Outside Services	16,838.	
635	Water Testing	3,120.	
640	Rents	500.	
650	Transportation Expenses	1,226.	
655	Insurance Expense	4,340.	
665	Regulatory Commission Expenses - per last rate case		
675	Miscellaneous Expenses		
403	Depreciation Expense	10,008.	
408	Taxes Other Than Income; property tax	3,921.	
409	Income Tax		
	TOTAL OPERATING EXPENSE		\$ 113,362.
	OPERATING INCOME/(LOSS)		\$ <9,379.>
	OTHER EVCOME/(DEDUCTIONS)		
419	Interest and Dividend Income		
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	<15,410.>	
	TOTAL OTHER INCOME/(EXPENSE)		\$
	NET INCOME/(LOSS)		\$ <24,789.>

Company name: Cibola Mutual Water Co., Inc.

Schedule 2

Docket No./Decision No.: W-04106A-02-0312/65750

Period Ending: 12/31/13

**CLASS C, D & E WATER COMPANY RATE REVIEW
BALANCE SHEET**

Acct. No.	ASSETS	
	CURRENT AND ACCRUED ASSETS	
131	Cash	1,077.
124	Utility Investments	
141	Customer Accounts Receivable	10,926.
146	Notes Receivable from Associated Companies*	
151	Plant Material and Supplies	
174	Miscellaneous Current and Accrued Assets; prepayments	
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 12,003.
	FIXED ASSETS	
101	Utility Plant in Service	5,140,375.
103	Property Held for Future Use	
105	Construction Work in Progress	179,723.
108	Less Accumulated Depreciation - Utility Plant	<434,853.>
121	Non-Utility Property	
122	Less Accumulated Depreciation - Non Utility	
	TOTAL FIXED ASSETS	\$ 4,885,245.
	TOTAL ASSETS	\$ 4,897,248.

* Indicates a Class A account included here for convenience

Company name: Cibola Mutual Water Co., Inc.

Schedule 2
(Continued)

Docket No./Decision No.: W-04106A-02-0312/65750

Period Ending: 12/31/12

**WATER COMPANY RATE REVIEW
BALANCE SHEET (Continued)**

Acct. No.	LIABILITIES and EQUITY	
CURRENT LIABILITIES		
231	Accounts Payable	12,268.
232	Notes Payable	
235	Customer Deposits	124,553.
236	Accrued Taxes	1,501.
237	Accrued Interest	
241	Miscellaneous Current and Accrued Liabilities	
	TOTAL CURRENT LIABILITIES	\$ 138,322.
LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Debt (indicate separately if any debt is payable to associated companies)	\$ 337,265.
DEFERRED CREDITS		
252	Advances for Construction	
255	Accumulated Deferred Investment Tax Credits	
271	Contributions in Aid of Construction	4,948,642.
272	Less: Amortization of Contributions	<394,672.>
281-283	Accumulated Deferred Income Tax	
	TOTAL DEFERRED CREDITS	\$ 4,553,970.
	TOTAL LIABILITIES	\$ 5,029,557.
EQUITY		
201	Common Stock Issued	
204	Preferred Stock Issues	
211	Other Paid-in Capital	5,705.
215	Retained Earnings	<138,014.>
218	Proprietary Capital (for sole props, and partnerships)	
	TOTAL EQUITY	\$ <132,309.>
	TOTAL LIABILITIES AND EQUITY	\$ 4,897,248.

Company name: Cibola Mutual Water Co., Inc.

Docket No./Decision No.: W-04106A-02-0312/65750

Schedule 3

Period Ending: 12/31/13

WATER COMPANY RATE REVIEW
STATEMENT OF RATE BASE

Line No.	ACCOUNT DESCRIPTION	
1	PLANT	
2	Plant in Service	5,140,375.
3	Less: Accumulated Depreciation	434,853.
4	NET PLANT	\$ 4,705,522.
5		
6	ADDITIONS/DEDUCTIONS	
7	Advances (-)	
8	Plant Advances	
9	Service Line & Meter Advances	
JO	TOTAL ADVANCES	\$
11		
12	Contributions (-)	
13	Gross Contributions	4,948,642.
14	Less: Amortization of Contributions	394,672.
15	TOTAL NET CONTRIBUTIONS	\$ <4,553,970.>
16		
17	Working Capital(+)	
18	1/24 of Purchased Power Expense	412
19	1/8 Operations & Maintenance expense	12,933.
20	Inventory	
21	Prepayments	
22	TOTAL WORKING CAPITAL	\$ 13,345.
23		
24	TOTAL ADDITIONS & DEDUCTIONS	\$ <4,540,625.>
25		
26	RATE BASE	\$ 164,897.

Docket No./Decision No.: W-04106A-02-0312/65750

Period Ending: 12/31/12

WATER COMPANY RATE REVIEW
SUMMARY OF RESULTS

Line No.		
1	<i>PROFITABILITY RATIOS</i>	
2	REGULATED PROFIT (Operating Income minus Interest Expense)	\$ <24,789.>
3	RETURN ON EQUITY (Regulated Profit/Equity)	% N/A
4	RATE OF RETURN (Operating Income/Rate Base)	% N/A
5	OPERATING MARGIN (Operating Income/Total Operating Revenue)	% N/A
6		
7	<i>FINANCIAL INTEGRITY RATIOS</i>	
8	DEBT SERVICE COVERAGE RATIO ((Operating Income + Depreciation Expense + Tax Expense)/(Interest Expense + Debt Principle Repayments))	3.31%
9	TIMES INTEREST EARNED RATIO ((Operating Income + Tax Expense)/Interest Expense)	N/A
10	EBITDA COVERAGE RATIO ((Operating Income + Depreciation Expense + Tax Expense)/(Interest Expense))	4.08%

WATER COMPANY RATE REVIEW
ADDITIONAL INFORMATION

Test Year of last rate case	2002
Decision number of last rate case	65,750.
Rate base used in last rate case	¾"meter \$45.00; 1" meter %50.00
Number of customers used in last rate case	115
Current number of customers	164

COMPANY NAME: Cibola Mutual Water Company, Inc.

Name of System:
Cibola Mutual Water
Co. Inc.

ADEQ Public Water System Number:
15123

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6		
8	PVC	3300
10		
12	PVC	18480

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	
3/4	158
1	6
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

EQUIPMENT:

- Intake Pumps 1.5 HP _____ 1--100 HP Booster Pump _____
- Filtration Units _____ 2--10 HP Booster Pumps _____
- Chlorinating System _____ 1--Pressure Tank 1550 gal. _____
- 100,000 Reservoir _____
- 200,000 Reservoir _____
- Compensating Tank _____

STRUCTURES:

- Office Building _____
- Chemical Building _____
- Chlorination Building _____
- Intake Platform _____

PIPES:

- Distribution Lines _____
- Fire Hy. Lines _____
- Sanitary _____

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Cibola Mutual Water Company

Name of System: Cibola Mutual Water Co., Inc. ADEQ Public Water System Number: 15123

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	174	402,890	622,000	
FEBRUARY	174	313,350	509,000	
MARCH	174	364,940	916,000	
APRIL	174	558,070	1,219,000	
MAY	174	526,000	817,000	
JUNE	174	770,090	1,082,000	
JULY	174	708,730	1,474,000	
AUGUST	174	629,230	1,084,000	
SEPTEMBER	173	600,580	1,075,000	
OCTOBER	163	538,010	980,000	
NOVEMBER	163	426,500	613,000	
DECEMBER	162	477,260	758,000	
TOTALS		6,315,650	11,149,000	

What is the level of arsenic for each well on your system? No Wells mg/l

(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 1093 GPM for 1.5 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
 Yes No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
 Yes No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
 Yes No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Cibola Mutual Water Co., Inc.

ADEQ Public Water System Number: 15123

Name of System: Cibola Mutual Water Co., Inc.

UTILITY SHUTOFFS / DISCONNECTS

MONTH

Termination without Notice
R14-2-410.B

Termination with Notice
R14-2-410.C

OTHER

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		1	
FEBRUARY		2	
MARCH			
APRIL			
MAY		3	
JUNE		1	
JULY			
AUGUST			
SEPTEMBER			
OCTOBER			
NOVEMBER			
DECEMBER			

Totals 7

OTHER (description):

COMPANY NAME

YEAR ENDING 12/31/2012

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2012 was: \$638.72 to La Paz County

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____