

ORIGINAL

OPEN MEETING AGENDA ITEM



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COMMISSIONERS
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BOB BURNS
SUSAN BITTER SMITH



RECEIVED
ARIZONA CORPORATION COMMISSION

2013 JUL -8 A 11:18

AZ CORP COMMISSION
DOCKET NUMBER 2013

TO: ALL PARTIES OF RECORD

RE: IN THE MATTER OF THE APPLICATION OF CLEAR SPRINGS UTILITY COMPANY, INC., WATER DIVISION, FOR AUTHORITY TO INCUR LONG-TERM DEBT AND IN THE MATTER OF THE APPLICATION OF CLEAR SPRINGS UTILITY COMPANY, INC. WATER AND WASTEWATER DIVISIONS, FOR PERMANENT RATE INCREASES.

DOCKET NOS. W-01689A-11-0401 & WS-01689A-11-0402

The Recommended Opinion and Order in the above-captioned matter that was mailed to you on July 2, 2013 inadvertently omitted Exhibits A, B, C, and D.

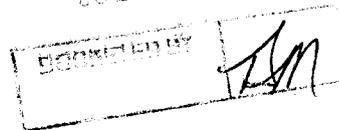
The Recommended Opinion and Order now has the exhibits attached.

Sincerely Yours,

Belinda A. Martin
Administrative Law Judge

Arizona Corporation Commission
DOCKETED

JUL 08 2013



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SERVICE LIST FOR:

CLEAR SPRINGS UTILITY COMPANY, INC.

DOCKET NOS.:

W-01689A-11-0401 and WS-01689A-11-0402

Steve Wene, Esq.
MOYES SELLERS & HENDRICKS, LTD.
1850 North Central Avenue, Suite 1100
Phoenix, AZ 85004

Janice Alward, Chief Counsel
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

Steven M. Olea, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

EXHIBIT A

Figure 6 Depreciation Rates for Clear Springs - Wastewater Division

NARUC Acct #	Depreciable Plant	Decision #62583	Co. Proposed Rate (%)	Staff Recommended Rate (%)
351	Organization	0.00		0
352	Franchises	0.00		0
353	Land & Land Rights	0.00		0
354	Structure & Improvements	5.00	N/A	3.33
355	Power Generation Equipment	5.00	N/A	5.00
360	Collection Sewers - Force	5.00	N/A	2.00
361	Collection Sewers - Gravity	5.00	N/A	2.00
362	Special Collection Structures	5.00	N/A	2.00
363	Service to Connections	5.00	N/A	2.00
364	Flow Measuring Devices	5.00	N/A	10.00
365	Flow Measuring Installations	5.00	N/A	10.00
366	Reuse Services	5.00	N/A	2.00
367	Reuse Meters & Meter Installations	5.00	N/A	8.33
370	Receiving Wells	5.00	N/A	3.33
371	Pump Equipment	5.00	N/A	12.50
374	Reuse Distribution Reservoirs	5.00	N/A	2.50
375	Reuse Transmission and Distribution System	5.00	N/A	2.00
380	Treatment & Disposal Equipment	5.00	N/A	5.00
381	Plant Sewers	5.00	N/A	5.00
382	Outfall Sewer Lines	5.00	N/A	3.33
389	Other Plant & Misc Equipments	5.00	N/A	6.67
390	Office Furniture & Equipments	5.00	N/A	6.67
390.1	Computer & Software	5.00	N/A	20.00
391	Transportation Equipments	5.00	N/A	20.00
392	Store Equipment	5.00	N/A	4.00
393	Tools, Shop, Garage Equipments	5.00	N/A	5.00
394	Lab Equipments	5.00	N/A	10.00
395	Power Operated Equipment	5.00	N/A	5.00
396	Communication Equipment	5.00	N/A	10.00
397	Miscellaneous Equipment	5.00	N/A	10.00
398	Other plants	—	N/A	10.00

EXHIBIT B

Depreciation Rates (Clear Springs - Water Division)

Acct. No.	Depreciable Plant	Approved Rate (%) (Decision # 68443)	Proposed Rate (%)	Staff Recommended Rate (%)
304	Structures & Improvements	3.33	n/a	3.33
305	Collecting & Impounding Reservoirs	2.50	n/a	2.50
306	Lake, River, Canal Intakes	2.50	n/a	2.50
307	Wells & Springs	3.33	n/a	3.33
308	Infiltration Galleries	6.67	n/a	6.67
309	Raw Water Supply Mains	2.00	n/a	2.00
310	Power Generation Equipment	5.00	n/a	5.00
311	Pumping Equipment	12.5	n/a	12.5
320	Water Treatment Equipment			
320.1	Water Treatment Plants	3.33	n/a	3.33
320.2	Solution Chemical Feeders	20.0	n/a	20.0
330	Distribution Reservoirs & Standpipes			
330.1	Storage Tanks	2.22	n/a	2.22
330.2	Pressure Tanks	5.00	n/a	5.00
331	Transmission & Distribution Mains	2.00	n/a	2.00
333	Services	3.33	n/a	3.33
334	Meters	8.33	n/a	8.33
335	Hydrants	2.00	n/a	2.00
336	Backflow Prevention Devices	6.67	n/a	6.67
339	Other Plant & Misc Equipment	6.67	n/a	6.67
340	Office Furniture & Equipment	6.67	n/a	6.67
340.1	Computers & Software	20.00	n/a	20.00
341	Transportation Equipment	20.00	n/a	20.00
342	Stores Equipment	4.00	n/a	4.00
343	Tools, Shop & Garage Equipment	5.00	n/a	5.00
344	Laboratory Equipment	10.00	n/a	10.00
345	Power Operated Equipment	5.00	n/a	5.00
346	Communication Equipment	10.00	n/a	10.00
347	Miscellaneous Equipment	10.00	n/a	10.00
348	Other Tangible Plant	---	---	---

EXHIBIT C

Table 5 Finance Related Capital Costs

Work of Scope Descriptions	Co.'s Estimated Costs (\$)	Staff Adjusted Costs (\$)	Staff Recommended Costs (\$)
I. Well #3 & Well #7 Storage Improvements			
Well #3			
One 5,000 gallon storage tank	3,780		3,780
40' of steel ring around storage tank	604		604
Two 5-HP Berkeley booster pump (\$2,611/unit)	5,222		5,222
Plumbing, facility piping (3 days labor (@\$572/day), equipment rental (@ \$865/day) total of 1,437/day)	4,311		4,311
New materials (pipes, valves & fittings)	5,000		5,000
New electric control panel, wires, etc.	2,500		2,500
Electric rack	1,200		1,200
8" concrete slab under booster pump station (100 square feet) & 6% inflation	742		742
ABC bedding material under the tank (3 cubic yards @ \$106/cubic yard)	318		318
Two 44 gallon bladder tank (\$700/unit)	1,400		1,400
subtotal	25,077		25,077
Well #7			
One 5,000 gallon storage tank	3,780		3,780
40' of steel ring around storage tank	604		604
ABC bedding material under the tank (2½ cubic yards)	265		265
One 44 gallon bladder tank (@ \$700/unit)	700		700
Plumbing, facility piping (3 days labor (@\$572/day), equipment rental (@ \$865/day) total of 1,437/day)	4,311		4,311
New materials (pipes, valves & fittings)	2,500		2,500
New electric materials	2,500		2,500
Electric rack	1,200		1,200
One 3-HP booster pump	2,611		2,611
Removal of existing horizontal tank	500		1,500
Add 38' of chain link fence (@ \$37.5/ft)	1,425		1,425
subtotal	21,396		21,396
Total	46,473		46,473

EXHIBIT C

Permit fee	3,200		3,200
Engineering design fee (10%)	4,647		4,647
Administration & legal fee (5%)	2,324		2,324
Project management & inspection (10%)	4,647		4,647
Contingency (15%)	6,971		6,971
Sale Tax (4.60%)	2,138		2,138
Total (Project I)	70,400		70,400
Project II. Fire Hydrant Replacement			
22 fire hydrants (@ \$4,125/unit including \$1,650/unit and labor cost of \$2,475/unit)	90,750	(35,750) ¹	55,000
subtotal	90,750		55,000
Administration & legal fee (5%)	4,538	(1,787)	2,751
Project management & inspection (10%)	9,075	(3,575)	5,500
Contingency (15%)	13,613	(5,362)	8,251
Sale Tax (4.60%)	4,175	(1,645)	3,070
Total (Project II)	122,151	(48,119)	74,072
Project III. Repair Plant Items in Well #18			
Grout existing storage tank (1,710 cubic feet of grout material @ \$86.5/cubic feet)	147,915		147,915
One new 5,000 gallon pressure tank (@24,740/unit)	24,740	(24,740) ²	0
Repair well pump (@ \$35,000/unit)	35,000		35,000
subtotal	207,655		182,915
Administration & legal fee (5%)	10,383	(1,237)	9,146
Project management & inspection (10%)	20,766	(2,474)	18,292
Contingency (15%)	31,148	(3,711)	27,437
Sale Tax (4.60%)	9,552	(2,677)	6,875
Total (Project III)	279,504	(34,839)	244,665
Project IV. Replace Broken Isolation Gate Valves			
Flomatic Resilient wedge three 6" gate valves (@ \$2,250/unit)	6,750	(680) ³	6,070
Flomatic Resilient wedge one 8" gate valve (@ \$3,500/unit)	3,500	(295) ³	3,205
Flomatic Resilient wedge one 10" gate valve (@ \$4,625/unit)	4,625	(256) ³	4,369
subtotal	14,875		13,644
Administration & legal fee (5%)	744	(62)	682
Project management & inspection (10%)	1,488	(123)	1,365
Sale Tax (4.60%)	684.25	(57)	627
Total (Project III)	17,791	(1,473)	10,855
Project V. Replace and/or Upgrade Distribution Services			
Replace exist 56' of 1-inch poly service line along Justin (in PWS #02-008) (@ \$54/ft)	3,024		3,024
Replace exist 80' of 1-inch poly service line along Ford St (in PWS #02-008) (@ \$54/ft)	4,320		4,320
Replace exist 60' of 1-inch poly service line along	3,240		3,240

EXHIBIT C

Treasure Rd/Christmas Tree (in PWS #02-008) (@ \$54/ft)			
Replace exist 26' of 1-inch poly service line along Treasure Rd (in PWS #02-008) (@ \$54/ft)	1,404		1,404
subtotal	11,988		11,988
Survey	3,500		3,500
Administration & legal fee (5%)	599		599
Engineering (10%)	1,199		1,199
Project management & inspection (10%)	1,199		1,199
Contingency (15%)	1,798		1,798
Sale Tax (4.60%)	551		551
Total (Project V)	20,835		20,835
TOTAL	510,678	(84,431)	426,249

EXHIBIT D

**Table 7B Revised Water Test Costs for Clear Springs Non-Community Systems
(PWS #02-048, #02-050, 02-051)**

Monitoring (Tests per 3 years, unless noted.)	Cost per test	No. of tests per three year period			Total cost per three year period (\$)			Annual Cost (\$) ¹
		048	050	051	048	050	051	
PWS #02-		048	050	051	048	050	051	
Bacteriological - monthly ²	\$20 ²	36	36	36	720	720	720	720
nitrites - annual ²	\$25	3	3	3	75	75	75	75
Lead & Copper - annual ²	\$30	15	15	15	450	450	450	450
Total								1,245