

ORIGINAL



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MEMORANDUM

TO: Docket Control Center

FROM: Steven M. Olea
Director
Utilities Division

DATE: August 28, 2013

RE: STAFF REPORT FOR VALLEY UTILITIES WATER COMPANY, INC.'S
NOTICE OF FILING ARSENIC IMPACT FEE TARIFF PLAN OF
ADMINISTRATION (DOCKET NO. W-01412A-12-0195)

Attached is the Staff Report for Valley Utilities Water Company, Inc.'s ("Company") notice of filing arsenic impact fee tariff plan of administration.

Staff recommends that the Company's Arsenic Impact Fee remain in effect until further order of the Commission.

SMO:DWC:tdp\BH

Originator: Darron W. Carlson

Arizona Corporation Commission
DOCKETED

AUG 28 2013

DOCKETED BY	me
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AZ CORP COMMISSION
DOCKET CONTROL

2013 AUG 28 A 9:23

RECEIVED

Service List for: Valley Utilities Water Company, Inc.
Docket No. W-01412A-12-0195

Mr. Robert L. Prince, President
Valley Utilities Water Company, Inc.
6808 North Dysart Road, Suite 112
Glendale, Arizona 85307

Mr. Patrick J. Black
Fennemore Craig
2394 East Camelback Road, Suite 600
Phoenix, Arizona 85016

**STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION**

VALLEY UTILITIES WATER COMPANY, INC.

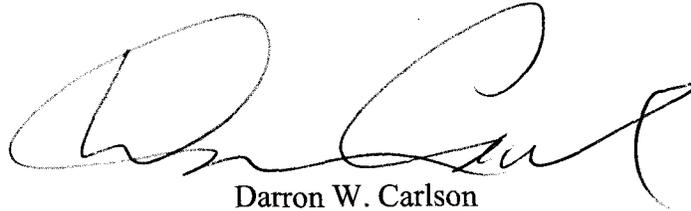
DOCKET NO. W-01412A-12-0195

**NOTICE OF FILING ARSENIC IMPACT FEE
TARIFF PLAN OF ADMINISTRATION**

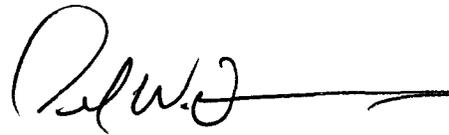
AUGUST 28, 2013

STAFF ACKNOWLEDGMENT

The Staff Report for Valley Utilities Water Company, Inc., Docket No. W-01412A-12-0195 was the responsibility of the Staff members listed below. Darron W. Carlson was responsible for the financial review and analysis. Del Smith was responsible for the engineering analysis.



Darron W. Carlson
Public Utilities Analyst Manager



Del Smith
Chief Engineer

EXECUTIVE SUMMARY

Valley Utilities Water Company, Inc. ("Company") is a class B Arizona public service corporation engaged in providing water utility services to over 1,400 customers. The Company serves a community located in Maricopa County, just east of Luke Air Force Base in the Phoenix West Valley. The Company's current rates were approved under this docket in Decision No. 73913, dated June 27, 2013.

Pursuant to Decision No. 73913, the Company filed this plan of administration so that the Company's arsenic impact fee can either be cancelled or otherwise resolved so that it does not continue indefinitely. The Company's plan of administration requests continuation of the arsenic impact fee.

Staff recommends that the Arsenic Impact Fee remain in effect until further order of the Commission.

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTION	1
BACKGROUND.....	1
PURPOSE OF THE FILING	1
DESCRIPTION OF PLAN OF ADMINISTRATION	1
STAFF REVIEW.....	1
RECOMMENDATION	2

Introduction

On July 10, 2012, Valley Utilities Water Company, Inc. (“Valley” or “Company”) filed a notice with the Arizona Corporation Commission (“Commission”) requesting authorization, through its arsenic impact fee (“AIF”) tariff plan of administration, to continue collecting this fee.

Background

Valley is a class B Arizona public service corporation engaged in providing water utility services to over 1,400 customers. The Company serves a community located in Maricopa County, just east of Luke Air Force Base in the Phoenix West Valley. Valley’s current rates were approved in Decision No. 73913, dated June 27, 2013.

Purpose of the Filing

Pursuant to Decision No. 73913, Valley filed this plan of administration so that the Company’s arsenic impact fee can either be cancelled or otherwise resolved so that it does not continue indefinitely.

Description of Plan of Administration

The Company states that it has expended \$106,000, since 2011 for completion of arsenic treatment facilities at its Bethany Hills West facility. The Company estimates that it will expend approximately an additional \$44,000 to complete construction of arsenic treatment facilities at its Glendale Well Yard facility. These total \$150,000.

Since 2011, the Company has collected \$10,120 in arsenic impact fees. The Company proposes to continue collecting the arsenic impact fee until the \$150,000 (or a more accurate “trued-up” amount) has been collected. The Company will continue to provide an annual accounting of the fees until such time as the funds are collected and the arsenic impact fee terminates.

Staff Review

Staff notes that the arsenic impact fee was initially approved in Decision No. 67669 (March 9, 2005) and reaffirmed in Decision No. 68309 (November 14, 2005). The arsenic impact fee was to be treated the same as an off-site hook-up fee in that the funds, when expended, would be considered contributions-in-aid-of-construction. The following represents Valley’s current tariff rates for the arsenic impact fee:

<u>Meter size</u>	<u>Graduating factor</u>	<u>Fee</u>
5/8" x 3/4"	1	\$1,100
3/4"	1.2	\$1,320
1"	2	\$2,200
1-1/2"	4	\$4,400
2"	6.4	\$7,040
3"	12	\$13,200
4"	20	\$22,000
6"	40	\$44,000

Staff has reviewed the information supplied by the Company and has determined that it is reasonable to continue the arsenic impact fee as requested. Further, Staff notes that the fair value rate base determined in Decision No. 73913 in the amount of \$2,109,695 will be unaffected by the outcome of this filing.

Recommendation

Staff recommends that Valley's AIF Tariff remain in effect until further order of the Commission.