

OPEN MEETING ITEM



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COMMISSIONERS
BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH



ARIZONA CORPORATION COMMISSION

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

ORIGINAL

DATE: SEPTEMBER 27, 2013

DOCKET NO.: W-02060A-12-0356

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Marc A. Stern. The recommendation has been filed in the form of an Opinion and Order on:

CORDES LAKE WATER COMPANY
(RATES)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by 4:00 p.m. on or before:

OCTOBER 7, 2013

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

OCTOBER 16 AND 17, 2013

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602) 542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

Arizona Corporation Commission

DOCKETED

SEP 27 2013

DOCKETED BY

JODI JERICH
EXECUTIVE DIRECTOR

1200 WEST WASHINGTON STREET; PHOENIX, ARIZONA 85007-2927 / 400 WEST CONGRESS STREET; TUCSON, ARIZONA 85701-1347

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This document is available in alternative formats by contacting Shaylin Bernal, ADA Coordinator, voice phone number 602-542-3931, E-mail SABernal@azcc.gov.

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 BOB STUMP - Chairman
4 GARY PIERCE
5 BRENDA BURNS
6 BOB BURNS
7 SUSAN BITTER SMITH

8 IN THE MATTER OF THE APPLICATION OF
9 CORDES LAKES WATER COMPANY FOR
10 APPROVAL OF A RATE INCREASE.

DOCKET NO. W-02060A-12-0356

DECISION NO. _____

11 **OPINION AND ORDER**

12 DATE OF HEARING:

March 19, June 13, and July 15, 2013

13 PLACE OF HEARING:

Phoenix, Arizona

14 ADMINISTRATIVE LAW JUDGE:

Marc E. Stern

15 APPEARANCES:

16 Mr. Patrick J. Black, Fennemore Craig, Attorney at Law,
17 on behalf of Cordes Lakes Water Company; and

18 Ms. Robin Mitchell, Staff Attorney, Legal Division, on
19 behalf of the Utilities Division of the Arizona
20 Corporation Commission.

21 **BY THE COMMISSION:**

22 On August 6, 2012, Cordes Lakes Water Company ("Company" or "Applicant") filed with
23 the Arizona Corporation Commission ("Commission") an application for an increase in its permanent
24 rates and charges.

25 On August 30, 2012, the Company asked the Commission's Utilities Division ("Staff") for
26 more time to file additional information so that Staff would be able to make a sufficiency
27 determination on the Company's application.

28 On September 5, 2012, Staff filed a response which effectively tolled the timeframe in the
proceeding and indicated that Staff would delay its determination of sufficiency until the information
was received from the Company

1 On September 25, 2012, the Company filed the additional information required by Staff to
2 enable Staff to make a sufficiency determination on the application.

3 On October 17, 2012, Staff filed a Notice of Sufficiency for the Company's rate application
4 and classified the Company as a Class C utility.

5 On October 22, 2012, pursuant to A.A.C. R14-3-101, the Commission issued a Procedural
6 Order to govern the preparation and conduct of this proceeding. Additionally, a hearing was
7 scheduled to commence on March 19, 2013.

8 On November 8, 2012, the Company filed an amendment to its application and included
9 certification that public notice had been provided pursuant to the Commission's Procedural Order in
10 this matter.

11 On February 8, 2013, Staff filed its Direct Testimony.

12 On March 15, 2013, the Company's recently retained counsel filed a Motion for Continuance
13 ("Motion") of the proceeding because the Company was in the process of retaining an expert to late-
14 file Rebuttal Testimony to address several issues which were raised by Staff in its Direct Testimony.

15 On March 19, 2013, a full public hearing was commenced before a duly authorized
16 Administrative Law Judge of the Commission, at its offices in Phoenix, Arizona. The Company and
17 Staff appeared with counsel. No one appeared to make public comment, and Staff indicated that it
18 did not object to the Company's Motion. The parties further agreed that the proceeding should be
19 continued to June 13, 2013.

20 On March 21, 2013, by Procedural Order, the proceeding was continued to June 13, 2013, and
21 additional filing dates established. Further, the timeframe was suspended pursuant to A.A.C. R14-2-
22 103 pending the conclusion of the proceeding.

23 On May 3, 2013, the Company filed its Rebuttal Testimony.

24 On May 17, 2013, Staff filed its Surrebuttal Testimony.

25 On June 13, 2013, the proceeding was reconvened, and the Company and Staff appeared with
26 counsel. Prior to the evidentiary portion of the proceeding, the Company and Staff conducted
27 discussions to resolve certain issues that had arisen based on the pre-filed testimony by the parties in
28 the proceeding. Following these discussions, the Company and Staff indicated that they had reached

1 a resolution on the issues and requested until July 8, 2013 to file a Joint Stipulation. Further, the
2 parties agreed that the proceeding should be continued to July 15, 2013, and that testimony in support
3 of the Joint Stipulation would be given.

4 On June 14, 2013, by Procedural Order, the proceeding was continued to July 15, 2013, and
5 additional filing dates established.

6 On July 15, 2013, the proceeding was reconvened before the designated Administrative Law
7 Judge. The Company and Staff appeared with counsel. No members of the public appeared to make
8 public comment, and following the presentation of evidence, the matter was taken under advisement
9 pending submission of a Recommended Opinion and Order to the Commission.

10 * * * * *

11 Having considered the entire record herein and being fully advised in the premises, the
12 Commission finds, concludes, and orders that:

13 **FINDINGS OF FACT**

14 1. Pursuant to authority granted by the Commission in Decision No. 39646 (September
15 13, 1968) the Company is a for profit Class C corporation which is engaged in the business of
16 providing public water utility service in the vicinity of Cordes Junction in Yavapai County, Arizona.

17 2. On August 6, 2012, the Company filed an application requesting authority to increase
18 its rates and charges for water service.

19 3. Applicant's present rates and charges for water service were approved in Decision No.
20 70170 (February 27, 2008).

21 4. On September 5, 2012, in response to a Company request for additional time to file
22 documentation in support of its application for a rate increase, Staff filed a response which tolled the
23 timeframe in the proceeding and indicated that Staff would delay its determination of sufficiency
24 until the information was received from the Company.

25 5. On October 17, 2012, after the Company filed its additional information, Staff filed a
26 Notice of Sufficiency and classified the Company as a Class C utility.

27 6. On November 8, 2012, the Company filed an amendment to its application and filed
28 certification that it had provided public notice to its customers pursuant to the Commission's

1 Procedural Order by mailing to its customers and by publishing in the *Prescott Courier* on October
2 31, 2012, notice of the application and hearing thereon.

3 7. During the test year ended December 31, 2011 ("TY"), Applicant served
4 approximately 1,300 customers of which the majority are residential users who are served by $\frac{3}{4}$ -inch
5 meters.

6 8. Average and median usage of water for customers with $\frac{3}{4}$ -inch meters during the TY
7 were 4,169 and 3,088 gallons per month, respectively.

8 9. On February 8, 2013, Staff filed its Direct Testimony in response to the Company's
9 rate request after conducting an analysis of the Applicant's proposed rates and charges for water
10 service and recommended that the Commission issue a Decision which approves Staff's proposed
11 rates.

12 10. On May 3, 2013, the Company filed Rebuttal Testimony, which had been prepared by
13 Matthew Rowell, who is the managing member of a consulting firm which specializes in utility
14 regulatory matters. The basis of Mr. Rowell's arguments centered on why the Company should
15 receive a higher return on equity than that recommended by Staff in its Direct Testimony.

16 11. On May 17, 2013, Staff filed its Surrebuttal Testimony in response to the Company's
17 Rebuttal Testimony and therein recommended a \$13,072 increase for Applicant's revenue
18 requirement over that which was recommended in its Direct Testimony.

19 12. On July 8, 2013, the Company and the Division filed the Joint Stipulation following
20 discussions to resolve issues which had arisen from the pre-filed testimony in the docket. Based on
21 their discussions, it was mutually agreed that the Company had TY revenues of \$420,536 and TY
22 operating expenses of \$426,750 resulting in an operating loss of \$6,214.

23 13. The Company and Staff further agreed, that Applicant's fair value rate base ("FVRB")
24 was determined to be \$163,913 which is the same as the original cost rate base.¹

25 14. The water rates and charges for the Company at present, as recommended by Staff and
26 as stipulated to by the Company are as follows:

27 _____
28 ¹ The Company's application did not request recognition of a Reconstruction Cost New ("RCN") rate base, and the Company and Staff agreed that included in rate base should be \$16,324 representing post TY plant.

	<u>Present Rates</u>	<u>Stipulated Rates</u>
1	<u>MONTHLY USAGE CHARGES:</u>	
2		
3	5/8 x 3/4-Inch Meter \$ N/A	\$ N/A
3	3/4-Inch Meter 11.00	11.75
4	1-Inch Meter 19.50	19.50
4	1 1/2-Inch Meter 39.00	39.25
5	2-Inch Meter 62.50	62.50
5	3-Inch Meter 125.00	125.00
6	4-Inch Meter 220.00	195.00
6	6-Inch Meter 390.00	390.00
7	8-Inch Meter N/A	N/A
7	10-Inch Meter N/A	N/A
8	12-Inch Meter N/A	N/A
9	<u>Commodity Rate: (Per 1,000 gallons)</u>	
10	<u>3/4-Inch Meter</u>	
11	0 to 3,000 gallons \$ 2.80	
11	3,001 to 8,000 gallons 4.30	
12	Over 8,000 gallons 5.00	
13	0 to 3,000 gallons	\$ 2.85
13	3,001 to 8,000 gallons	4.25
14	Over 8,000 gallons	6.50
15	<u>1-Inch Meter</u>	
16	0 to 18,000 gallons 4.30	
16	Over 18,000 gallons 5.00	
17	0 to 10,000 gallons	4.25
18	Over 10,000 gallons	6.50
19	<u>1 1/2-Inch Meter</u>	
20	0 to 43,500 gallons 4.30	
20	Over 43,500 gallons 5.00	
21	0 to 17,000 gallons	4.25
22	Over 17,000 gallons	6.50
23	<u>2-Inch Meter</u>	
24	0 to 75,000 gallons 4.30	
24	Over 75,000 gallons 5.00	
25	0 to 26,000 gallons	4.25
26	Over 26,000 gallons	6.50
27	<u>3-Inch Meter</u>	
28	0 to 160,000 gallons \$4.30	
28	Over 160,000 gallons 5.00	

1 0 to 50,000 gallons \$4.25
 2 Over 50,000 gallons 6.50

3 **4-Inch Meter**

4 0 to 290,000 gallons 4.30
 4 Over 290,000 gallons 5.00

5 0 to 75,000 gallons 4.25
 6 Over 75,000 gallons 6.50

7 **6-Inch Meter**

8 0 to 530,000 gallons 4.30
 8 Over 530,000 gallons 5.00

9 0 to 150,000 gallons 4.25
 10 Over 150,000 gallons 6.50

11 **SERVICE LINE AND METER INSTALLATION CHARGES:**

12 (Refundable Pursuant to A.A.C. R14-2-405)

	<u>Present Charges</u>		<u>Stipulated Charges</u>	
	Total	Service Line	Meter Installation	Total
15 5/8 x 3/4-Inch Meter	\$ N/A	\$ N/A	\$ N/A	\$ N/A
16 3/4-Inch Meter	520.00	426.00	198.00	624.00
16 1-Inch Meter	610.00	486.00	246.00	732.00
17 1 1/2-Inch Meter	855.00	528.00	498.00	1,026.00
17 2-Inch Meter	1,515.00	720.00	1,098.00	1,818.00
18 3-Inch Meter	2,195.00	930.00	1,764.00	2,694.00
18 4-Inch Meter	3,360.00	1,332.00	2,700.00	4,032.00
19 6-Inch Meter	6,115.00	2,000.00	5,350.00	7,350.00

20 **SERVICE CHARGES:**

	<u>Present Charges</u>	<u>Stipulated Charges</u>
21 Establishment	\$25.00	\$30.00
21 Establishment (After Hours)	35.00	N/A
22 Reconnection (Delinquent)	15.00	20.00
22 Reconnection (Delinquent-After Hours)	25.00	N/A
23 NSF Check	12.50	15.00
23 Meter Reread (If Correct)	10.00	12.00
24 Meter Test (If Correct)	25.00	30.00
24 Deferred Payment (Per Month)	1.5%	1.5%
25 Deposit Amount	*	*
25 Deposit Interest	*	*
26 Re-Establishment (Within 12 Months)	**	**
27 Late Fee (Per Month)	1.5%	1.5%
27 Road Cutting or Boring	Cost	Cost

28

1 After Hours Charge (Added to 2 Service Charge when work is performed after hours)	N/A	\$35.00
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3 **MONTHLY SERVICE CHARGE FOR**
4 **FIRE SPRINKLERS:**

4 4" or Smaller	\$0.00	***
5 6"	0.00	***
6 8"	0.00	***
7 10"	0.00	***
8 Larger than 10"	0.00	***

9 * Per Commission Rule A.A.C. R14-2-403(B).

10 ** Number of months off the system times the monthly minimum per Commission Rule A.A.C. R14-2-403(D).

11 *** 2.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than \$10.00 per month.
12 The Service Charge for fire sprinklers is only applicable for service lines separate and distinct from the primary
13 service line.

14 15. After determining a \$6,214 Company operating loss during the TY, Staff and the
15 Company agreed to rates and charges which would produce an increase in revenue of \$27,182 over
16 TY operating revenue to produce adjusted operating revenues of \$447,718 and adjusted operating
17 expenses of \$432,966, resulting in net operating income of \$14,752 or a 9.0 percent rate of return on
18 FVRB.

19 16. Staff and the Company agreed to increases in operating expenses of approximately
20 \$9,800, which sum included \$2,528 for bad debt expense, \$917 due to an increase in APS' rates, and
21 \$6,340 for outside accounting services which reflects the retention of a private accountant.

22 17. The projected 9 percent rate of return on FVRB as stipulated to by the Company and
23 Staff, corresponds to the rate of return recommended in Staff's Surrebuttal Testimony.

24 18. Staff's recommended rates and charges as stipulated to by the Company would
25 increase the average monthly customer water bill by 3.45 percent, from \$24.42 to \$25.27, and
26 increase the median monthly customer water bill by 4.53 percent, from \$19.78 to \$20.67.

27 19. According to Staff, the Arizona Department of Environmental Quality ("ADEQ") has
28 indicated that the Company is providing water which meets the requirements of the Safe Drinking
Water Act.

29 20. Staff found that during the TY, based on the Company's data, the Company
experienced a water loss of 25.5 percent. As a result of Staff's determination that the Company is
experiencing water losses in excess of 10 percent annually, the Company has agreed to file, within

1 six months of the effective date of a decision in this proceeding, an application for financing approval
2 to construct improvements to its system. Additionally, Staff and the Company agreed that the
3 Company could seek financing from a lender of its choice conditioned upon the fact that any interest
4 rate assessed would be within two percent of the interest rate assessed by the Water Infrastructure
5 Finance Authority of Arizona ("WIFA"). This docket is to remain open to allow for the inclusion of
6 a surcharge sufficient to provide a one and one-half times debt service coverage ("DSC") ratio, which
7 would be included within the monthly minimum.²

8 21. Staff concluded that the Company's current well production and storage capacities are
9 adequate to serve the existing customers and will provide for future reasonable growth.

10 22. Staff further indicated that there are no delinquent compliance items for the Company
11 and it has previously filed a curtailment plan and a back flow prevention tariff which have been
12 approved by the Commission.

13 23. As part of the Company's agreement with Staff for the adoption of the rates and
14 charges recommended by Staff, the Company has agreed to file, within 180 days of the effective date
15 of this Decision, for an extension of its Certificate of Convenience and Necessity ("Certificate") to
16 include an area where it is presently providing service to customers outside of its existing
17 Certificate.³

18 24. Additionally, the Company has agreed to address Staff concerns with respect to pump
19 over-cycling so that it does not occur due to inadequate pressure tank capacity. The Company agreed
20 to, prior to filing its next rate case, to review the sizing of its pressure tanks and file, with the
21 Commission's docket control, as a compliance item in this docket, the results of its review including
22 actions the Company plans to take to prevent pump over-cycling.

23 25. Additionally, the Company has agreed that it will file, within 45 days of the effective
24 date of this Decision, with the Commission's docket control, as a compliance item in this docket, at
25 least five Best Management Practices ("BMPs") in the form of tariffs that substantially conform to

26 ² According to the Company's witness, he believes that there will be a "significant chance" that no surcharge will result
27 based on the estimated amount of capital that will need to be borrowed to effectuate the improvements to Applicant's
system.

28 ³ The Company will file for an extension of its Certificate to serve the Southwest Quarter of the Northwest Quarter of
Section 24, Township 11 North, Range 2 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona.

1 the templates created by Staff for the Commission’s review and consideration.

2 26. The Company further agreed that it will maintain its books and records in accordance
3 with the National Association of Regulatory Utility Commissioners (“NARUC”), Uniform System of
4 Accounts (“USOA”).

5 27. Because an allowance for the property tax expense of Applicant is included in the
6 Company’s rates and will be collected from its customers, the Commission seeks assurances from the
7 Company that any taxes collected from rate payers have been remitted to the appropriate taxing
8 authority. It has come to the Commission’s attention that a number of water companies have been
9 unwilling or unable to fulfill their obligation to pay the taxes that were collected from ratepayers,
10 some for as many as 20 years. It is reasonable, therefore, that as a preventive measure, the Company
11 shall annually file, as part of its annual report, an affidavit with the Utilities Division attesting that the
12 Company is current and paying its property taxes in Arizona.

13 28. Under the circumstances, we find that Staff’s recommendations as to rate base, rate of
14 return, and rates and charges, which the Company has agreed to, are reasonable and should be
15 adopted together with Staff’s additional recommendations which have been stipulated to by the
16 Company.

17 **CONCLUSIONS OF LAW**

18 1. Applicant is a public service corporation within the meaning of Article XV of the
19 Arizona Constitution and A.R.S. § 40-250 and 40-251.

20 2. The Commission has jurisdiction over Applicant and of the subject matter of the
21 application.

22 3. Notice of the Application was provided in the manner proscribed by law.

23 4. Under the circumstances discussed herein, the rates and charges for the Company as
24 authorized hereinafter are just and reasonable and should be approved.

25 5. Staff’s recommendations as agreed to by the Company in Findings of Fact Nos. 20,
26 23, 24, 25, and 26 are reasonable and should be adopted.

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ORDER

IT IS THEREFORE ORDERED that Cordes Lakes Water Company is hereby directed to file with the Commission's Docket Control, as a compliance item in this docket, on or before October 31, 2013, revised rate schedules setting forth the following rates and charges:

MONTHLY USAGE CHARGES:

3/4-Inch Meter	\$ 11.75
1-Inch Meter	19.50
1 1/2-Inch Meter	39.25
2-Inch Meter	62.50
3-Inch Meter	125.00
4-Inch Meter	195.00
6-Inch Meter	390.00

Commodity Rates: (per 1,000 gallons)

0 to 3,000 gallons	\$ 2.85
3,001 to 8,000 gallons	4.25
Over 8,000 gallons	6.50

1-Inch Meter

0 to 10,000 gallons	4.25
Over 10,000 gallons	6.50

1 1/2-Inch Meter

0 to 17,000 gallons	4.25
Over 17,000 gallons	6.50

2-Inch Meter

0 to 26,000 gallons	4.25
Over 26,000 gallons	6.50

3-Inch Meter

0 to 50,000 gallons	4.25
Over 50,000 gallons	6.50

4-Inch Meter

0 to 75,000 gallons	4.25
Over 75,000 gallons	6.50

6-Inch Meter

0 to 150,000 gallons	\$4.25
Over 150,000 gallons	6.50

SERVICE LINE AND METER INSTALLATION CHARGES:
(Refundable Pursuant to A.A.C. R14-2-405)

	<u>Service Line</u>	<u>Meter Installation</u>	<u>Total</u>
3/4-Inch Meter	\$ 426.00	\$ 198.00	\$ 624.00
1-Inch Meter	486.00	246.00	732.00
1 1/2-Inch Meter	528.00	498.00	1,026.00
2-Inch Meter	720.00	1,098.00	1,818.00
3-Inch Meter	930.00	1,764.00	2,694.00
4-Inch Meter	1,332.00	2,700.00	4,032.00
6-Inch Meter	2,000.00	5,350.00	7,350.00

SERVICE CHARGES:

Establishment	\$30.00
Reconnection (Delinquent)	20.00
NSF Check	15.00
Meter Reread (If Correct)	12.00
Meter Test (If Correct)	30.00
Deferred Payment (Per Month)	1.5%
Deposit Amount	*
Deposit Interest	*
Re-Establishment (Within 12 Months)	**
Late Fee (Per Month)	1.5%
Road Cutting or Boring	Cost
After Hours Charge (Added to Service Charge when work is performed after hours)	\$35.00

MONTHLY SERVICE CHARGE FOR FIRE SPRINKLERS:

4" or Smaller	***
6"	***
8"	***
10"	***
Larger than 10"	***

* Per Commission Rule A.A.C. R14-2-403(B).
 ** Number of months off the system times the monthly minimum per Commission Rule A.A.C. R14-2-403(D).
 *** 2.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than \$10.00 per month.
 The Service Charge for fire sprinklers is only applicable for service lines separate and distinct from the primary service line.

IT IS FURTHER ORDERED that Cordes Lakes Water Company shall notify its customers of the water rates and charges approved hereinabove, and their effective date by means of an insert in its next monthly billing in a form approved by the Utilities Division.

IT IS FURTHER ORDERED that the rates and charges authorized hereinabove shall be effective for all service provided on or after November 1, 2013.

1 IT IS FURTHER ORDERED that Cordes Lakes Water Company shall adopt the depreciation
2 rates shown on Table C of the Engineering Report attached to the Staff Engineer's direct testimony
3 on a going forward basis.

4 IT IS FURTHER ORDERED that Cordes Lakes Water Company, in addition to the collection
5 of its regular rates and charges shall collect from its customers their proportionate share of any
6 privilege, sales or use tax as provided for in A.A.C. R14-2-608(D).

7 IT IS FURTHER ORDERED that Cordes Lakes Water Company shall keep its books and
8 records in accordance with the National Association of Regulatory Utility Commissioners Uniform
9 System of Accounts on a going forward basis.

10 IT IS FURTHER ORDERED that the Cordes Lake Water Company shall file, within six
11 months of the effective date of this decision, with the Commission's Docket Control, an application
12 for financing approval for the cost of improvements to prevent water losses.

13 IT IS FURTHER ORDERED that the Cordes Lake Water Company is hereby authorized to
14 seek financing from a lender of its choice, on the condition that any interest assessed be within two
15 percent of the interest rate assessed by the Water Infrastructure Finance Authority of Arizona for the
16 improvements to the system to prevent water losses.

17 IT IS FURTHER ORDERED that this docket shall remain open for the possible inclusion of a
18 surcharge sufficient to provide one and one-half times debt service coverage ratio which may be
19 included within the monthly minimum to fund the cost of improvements to prevent water losses.

20 IT IS FURTHER ORDERED that Cordes Lakes Water Company shall file, within 180 days
21 of the effective date of this Decision, with the Commission, an application for an extension of its
22 Certificate of Convenience and Necessity as set forth herein.

23 IT IS FURTHER ORDERED that Cordes Lakes Water Company shall closely monitor its
24 water system to insure that pump over-cycling does not occur due to inadequate pressure tank
25 capacity and prior to filing its next rate case, shall review the size of its pressure tanks, and file, with
26 the Commission's Docket Control, as a compliance item in this docket, the results of its review,
27 including actions the Company will take to prevent pump over-cycling.

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IT IS FURTHER ORDERED that Cordes Lakes Water Company shall file, within 45 days of the effective date of this Decision, with the Commission's Docket Control, as a compliance item in this docket, at least five BMPs in the form of tariffs that substantially conform to the templates created by Staff for the Commission's review and consideration.

IT IS FURTHER ORDERED that Cordes Lake Water Company shall annually file as part of its annual report, an affidavit with the Utilities Division attesting that the Company is current in paying its property taxes in Arizona.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN _____ COMMISSIONER _____

COMMISSIONER _____ COMMISSIONER _____ COMMISSIONER _____

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

JODI JERICH
EXCUTIVE DIRECTOR

DISSENT _____

DISSENT _____
MAS:tv

1 SERVICE LIST FOR:

CORDES LAKES WATER COMPANY

2 DOCKET NO.:

W-02060A-12-0356

3
4 Patrick J. Black
5 FENNEMORE CRAIG
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7 Phoenix, AZ 85015
8 Attorneys for Cordes Lake Water Co.

9 Janice Alward Chief Counsel
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