

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

OPEN MEETING ITEM



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ARIZONA CORPORATION COMMISSION

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DATE: MARCH 24, 2014
DOCKET NO.: W-04106A-13-0266

AZ CORP. COMMISSION
DOCKET CONTROL

ORIGINAL

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Scott M. Hesla. The recommendation has been filed in the form of an Opinion and Order on:

CIBOLA MUTUAL 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:

APRIL 2, 2014

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:

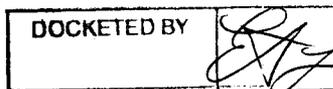
APRIL 8, 2014 AND APRIL 9, 2014

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

MAR 24 2014



Jodi A. Jerich
JODI JERICH
EXECUTIVE DIRECTOR

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

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

IN THE MATTER OF THE APPLICATION OF
CIBOLA MUTUAL WATER COMPANY FOR
APPROVAL OF A RATE INCREASE.

DOCKET NO. W-04106A-13-0266

DECISION NO. _____

ORDER

Open Meeting
April 8 and 9, 2014
Phoenix, Arizona

BY THE COMMISSION:

* * * * *

Having considered the entire record herein and being fully advised in the premises, the Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

Procedural History

1. On August 2, 2013, Cibola Mutual Water Company ("Cibola" or "Company") filed an application with the Commission for a permanent rate increase and on September 9, 2013, the Company filed an amendment to the application ("Application"). In its Application, the Company states that it mailed notice to each of its customers on August 2, 2013. In response to the notice, comments from six customers were filed in opposition to the Company's requested rate increase.

2. On August 30, 2013, the Commission's Utilities Division ("Staff") advised the Company that its Application did not meet the sufficiency requirements set forth in Arizona Administrative Code ("A.A.C.") R14-2-103 and provided the Company with Data Requests, to which the Company responded on October 15, 2013.

3. On November 5, 2013, Staff advised the Company that its Application still did not

1 meet the sufficiency requirements and provided the Company with additional Data Requests, to
2 which the Company responded on November 18, 2013.

3 4. On November 22, 2013, Staff filed its Sufficiency Letter stating that the Application
4 was sufficient and classifying the Company as a Class D utility.

5 5. On February 5, 2014, Staff filed its Staff Report recommending approval of the
6 Application using Staff's recommended rates and charges, subject to certain terms and conditions.

7 6. On February 19, 2014, Cibola filed comments to the Staff Report objecting to and
8 requesting clarification of certain Staff recommendations ("Company's Comments").

9 7. On February 21, 2014, a Procedural Order was issued stating that the record in this
10 matter was not adequate for the Commission to render a decision on the Application, requiring Staff
11 to file additional information in response to questions set forth in the Procedural Order, and allowing
12 the Company to file comments to Staff's response. The Procedural Order also extended the
13 Commission's timeframe to issue its decision in this matter.

14 8. On March 10, 2014, Staff filed a Supplemental Staff Report to respond to the
15 questions posed in the Procedural Order of February 21, 2014.

16 9. On March 12, 2014, Staff filed a Notice of Errata to correct and replace schedules
17 included in the Supplemental Staff Report.

18 10. The Company did not file comments to Staff's Supplemental Staff Report.

19 **Background**

20 11. Cibola is an Arizona non-profit public service corporation providing water service to
21 approximately 160 customers in an area adjacent to the Cibola National Wildlife Refuge in La Paz
22 County, Arizona. The Commission approved Cibola's present rates and charges in Decision No.
23 65750 (March 20, 2003).

24 12. Cibola's system consists of a Colorado River water intake pump station with two
25 pumps, one water treatment plant, a chlorination system, two potable water storage tanks, three
26 booster pumps, one pressure tank, and a distribution system. During the test year ending December
27 31, 2012, the Company reported 11,149,000 gallons pumped, 6,315,650 gallons sold, and 4,214,000
28

1 gallons of beneficial non-revenue usage,¹ resulting in water loss of 5.5 percent.

2 13. The Company reports that the majority of its customer base is seasonal, with only 35
 3 year round customers. The average and median water use by customers during the test year were
 4 2,500 gallons and 1,000 gallons, respectively.

5 14. Cibola is not within an Arizona Department of Water Resources ("ADWR") active
 6 management area ("AMA"). In a Compliance Status Report dated October 8, 2013, ADWR
 7 determined that Cibola is currently in compliance with departmental requirements governing water
 8 providers and/or community water systems.

9 15. Staff's Compliance Section database shows no outstanding compliance issues for the
 10 Company.

11 16. Staff's Consumer Services Section database for the period beginning January 1, 2011
 12 to January 31, 2014, shows one complaint filed against the Company related to billing. According to
 13 Staff, all complaints have been resolved and closed.

14 17. Cibola is in good standing with the Commission's Corporations Division.

15 18. Cibola has Commission-approved Backflow and Curtailment tariffs.

16 19. Cibola is current on its property and sales tax payments.

17 **Ratemaking**

18 20. Cibola's present rates and charges, as proposed by Cibola in its Application, and as
 19 recommended by Staff in its Staff Report and Supplemental Staff Report, are as follows:

20

<u>MONTHLY USAGE CHARGE:</u>	<u>Present Rates</u>	<u>Company Proposed</u>	<u>Staff Recommended</u>
22 5/8" x 3/4" Meter	\$ 19.00	\$ 45.00	\$ 25.00
23 3/4" Meter	45.00	65.00	52.00
24 1" Meter	50.00	70.00	62.00
25 1 1/2" Meter	90.00	140.00	125.00
26 2" Meter	144.00	194.00	200.00
27 3" Meter	270.00	320.00	400.00
28 4" Meter	450.00	500.00	625.00
6" Meter	900.00	950.00	1,250.00

¹ The Company states that its beneficial non-revenue water use includes the regular flushing of water lines and hydrants and frequent filter backwashing.

1	Gallons Included in Monthly Customer Charge:	0	0	0
2	<u>COMMODITY CHARGE:</u>			
3	<u>(Per 1,000 Gallons)</u>			
4	5/8" x 3/4" Meter			
5	0 – 8,000 gallons	\$ 2.00	\$ 3.00	\$ 4.00
6	8,001 to 16,000 gallons	\$ 2.35	\$ 3.50	\$ 5.25
7	Over 16,000 gallons	\$ 2.80	\$ 4.00	\$ 6.50
8	3/4" Meter			
9	0 – 8,000 gallons	\$ 2.00	\$ 3.00	\$ 4.00
10	8,001 to 16,000 gallons	\$ 2.35	\$ 3.50	\$ 5.25
11	Over 16,000 gallons	\$ 2.80	\$ 4.00	\$ 6.50
12	1" Meter			
13	0 – 8,000 gallons	\$ 2.00	\$ 3.00	\$ 6.50
14	8,001 to 16,000 gallons	\$ 2.35	\$ 3.50	\$ 7.50
15	Over 16,000 gallons	\$ 2.80	\$ 4.00	\$ 8.60
16	1 1/2" Meter			
17	0 – 20,000 gallons	\$ 2.00	\$ 3.00	\$ 7.50
18	Over 20,000 gallons	\$ 2.35	\$ 3.50	\$ 8.60
19	2" Meter			
20	0 – 50,000 gallons	\$ 2.00	\$ 3.00	\$ 7.50
21	Over 50,000 gallons	\$ 2.35	\$ 3.50	\$ 8.60
22	3" Meter			
23	0 – 80,000 gallons	\$ 2.00	\$ 3.00	\$ 7.50
24	Over 80,000 gallons	\$ 2.35	\$ 3.50	\$ 8.60
25	4" Meter			
26	0 – 150,000 gallons	\$ 2.00	\$ 3.00	\$ 7.50
27	Over 150,000 gallons	\$ 2.35	\$ 3.50	\$ 8.60
28	6" Meter			
	0 – 500,000 gallons	\$ 2.00	\$ 3.00	\$ 7.50
	Over 500,000 gallons	\$ 2.35	\$ 3.50	\$ 8.60
	...			
	...			
	...			

SERVICE LINE AND METER INSTALLATION CHARGES:

(Refundable pursuant to A.A.C. R14-2-405)

	<u>Current Charges</u>	<u>Company's Proposed Charges*</u>	<u>Staff Recommended Service Line</u>	<u>Staff Recommended Meter</u>	<u>Staff Recommended Total Charges**</u>
5/8" x 3/4" Meter	\$ 375	\$ 4,800	\$ 445	\$ 155	\$ 600
3/4" Meter	\$ 550	\$ 5,000	\$ 445	\$ 255	\$ 700
1" Meter	\$ 630	\$ 5,200	\$ 495	\$ 315	\$ 810
1 1/2" Meter	\$ 865	\$ 5,500	\$ 550	\$ 525	\$ 1,075
2" Meter	\$ 1,455	\$ 6,090	\$ 830	\$ 1,045	\$ 1,875
3" Meter	\$ 2,055	\$ 6,690	\$ 1,045	\$ 1,670	\$ 2,715
4" Meter	\$ 3,200	\$ 8,980	\$ 1,490	\$ 2,670	\$ 4,160
5" Meter	\$ 4,495	\$ 10,275	\$ 0	\$ 0	\$ 0
6" Meter	\$ 5,795	\$ 11,575	\$ 2,210	\$ 5,025	\$ 7,235

* Installation cost includes \$3,550 for boring under a paved road.

** The actual cost incurred for boring under a paved road (including opening of a paved road) will be added if required.

SERVICE CHARGES:

	<u>Present Rates</u>	<u>Company Proposed</u>	<u>Staff Recommended</u>
Establishment	\$ 20.00	\$ 50.00	\$ 30.00
Reconnection (Delinquent)	\$ 20.00	\$ 60.00	\$ 25.00
After Hours Service Charge	\$ 35.00	\$ 65.00	\$ 35.00
Meter Test	\$ 10.00	\$ 35.00	\$ 20.00
Deposit	*	*	*
Deposit Interest	*	*	*
Reestablishment (Within 12 Months)	**	**	**
Non-Sufficient Fund ("NSF") Check	\$ 25.00	\$ 35.00	\$ 15.00
Deferred Payment (Per Month)	1.50%	1.50%	1.50%
Meter Re-Read (If Correct)	\$ 20.00	\$ 25.00	\$ 15.00
Late Payment Fee (Per Month)	\$ 0.00	1.50%	1.50%

MONTHLY SERVICE CHARGE FOR FIRE SPRINKERS:

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

* Per Commission Rule A.A.C. R-14-2-403(B).

** Months off 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 water service line.

21. Cibola proposed an original cost rate base ("OCRB") of negative \$129,872 and has waived the right to reconstruction cost new rate base.

1 22. Staff determined Cibola's OCRB to be negative \$151,109, due to Staff's negative
2 \$34,147 adjustment to accumulated depreciation and positive \$12,910 adjustment to working capital.
3 Staff also made adjustments to reclassify plant categories and balances consistent with the National
4 Association of Regulatory Utility Commissioners ("NARUC") Uniform System of Accounts
5 ("USoA") and Generally Accepted Accounting Principles ("GAAP"); however, these adjustments
6 were offsetting and did not result in a net change to the Company's OCRB. Staff recommends that
7 Cibola adopt the plant categories and balances utilized by Staff in order to assure compliance with
8 USoA and GAAP in the future.

9 23. We find Staff's adjustments to Cibola's OCRB are reasonable and appropriate and we
10 will adopt them. We further find that the Company's fair value rate base ("FVRB") is equivalent to
11 its OCRB and is negative \$151,109.

12 24. Staff made no adjustment to the Company's proposed test year operating revenues of
13 \$103,983. We find the Company's proposed test year operating revenues are reasonable and we
14 adopt the test year revenue figure of \$103,983.

15 25. Staff made several adjustments to Cibola's proposed operating expenses, resulting in
16 an increase of \$4,740, from \$113,362 to \$118,102. The increase to Cibola's proposed operating
17 expenses is due to Staff's adjustments to water testing expense, property tax expense, and
18 depreciation expense. We find that Staff's adjustments to Cibola's proposed operating expenses are
19 reasonable and appropriate, and we adopt Staff's adjusted expense figure of \$118,102.

20 26. Based on Staff's analysis, Cibola's present rates and charges produced operating
21 revenues of \$103,983 and adjusted test year operating expenses of \$118,140, resulting in a net test
22 year operating loss of \$14,157 and an operating margin of negative 13.61 percent.

23 27. The Company's application requested a revenue increase of \$35,354 over its proposed
24 test year revenues, from \$103,983 to \$139,337, or 34.00 percent. Cibola proposes operating expenses
25 of \$113,362, resulting in an operating income of \$25,975 and an operating margin of 18.64 percent.

26 28. Given Cibola's negative FVRB, Staff was unable to determine a meaningful rate of
27 return for the Company. Instead, Staff adopted a cash flow methodology to calculate adequate
28 revenue to meet the Company's operating needs. Staff's recommended rates and charges result in a

1 \$32,354 increase over test year revenues, or 31.11 percent, for total revenues of \$136,337. Using the
2 adjusted operating expense figure of \$118,102 adopted herein, this would result in operating income
3 of \$17,535 and an operating margin of 12.86 percent.

4 29. Cibola's proposed rates would increase the average water bill for residential 5/8 x 3/4-
5 inch customers by \$22.50, or 45.00 percent, from \$50.00 to \$72.50, and increase the monthly water
6 bill for the same customers with median usage by \$21.00, or 44.68 percent, from \$47.00 to \$68.00.

7 30. Staff's proposed rates would increase the average water bill for residential 5/8 x 3/4-
8 inch customers by \$12.00, or 24.00 percent, from \$50.00 to \$62.00, and increase the monthly water
9 bill for the same customers with median usage by \$9.00, or 19.15 percent, from \$47.00 to \$56.00.

10 31. In the Company's Comments, Cibola asserts that Staff's recommended rate increase
11 would not allow the Company to meet its future expenses. According to the Company, its water
12 revenue and expenses for 2013 were \$94,469 and \$135,823, respectively, resulting in a loss of
13 \$41,354. The Company states that this loss does not include Cibola's obligation to maintain a debt
14 reserve under its United States Department of Agriculture ("USDA") Rural Development loans or the
15 costs of system repair or replacement. The Company further states that its projected expenses for
16 2014 are \$155,000 due to equipment repair or replacement.

17 32. In its Supplemental Staff Report, Staff notes that its recommended increase in
18 revenues is only \$3,000 less than what the Company is requesting. According to Staff's cash flow
19 analysis, Staff's recommended revenues will provide the Company with \$6,515 in remaining cash
20 flow after the Company pays its ongoing expenses and debt service obligations under the USDA-
21 Rural Development loans. Staff argues that, to the extent the Company has projected expenses of
22 \$155,000 in 2014, it would be inappropriate to include those costs in current rates because: those
23 projected costs are not known and measurable; future investments are not providing service to
24 customers at the present time; and the Company appears to be raising a new issue that was not part of
25 its original request for a rate increase. The Company did not file additional comments in response to
26 the Supplemental Staff Report.

27 33. We find that Staff's recommended revenues will provide sufficient cash flow to allow
28 the Company to meet its ongoing expenses and debt service obligations and covenants as well as to

1 fund contingencies. With respect to the Company's claim that its expenses are projected to increase
2 to \$155,000 in 2014, the Company is raising an issue that was not previously included as part of the
3 Company's request for a rate increase. In any rate case proceeding, it is incumbent upon the utility
4 requesting rates to demonstrate that its expenses are known and measurable. Since the Company has
5 neither explained nor substantiated these projected costs during the course of this rate case
6 proceeding, it would be inappropriate to include them in rates. Accordingly, we find that Staff's
7 recommended revenues, rates, and charges are reasonable and we adopt them.

8 **ADEQ Compliance**

9 34. In Staff's Engineering Report, Staff states that the Company is not in compliance with
10 the Arizona Department of Environmental Quality ("ADEQ") due to monitoring and reporting
11 deficiencies. In a Compliance Status Report dated September 16, 2013, ADEQ reported that the
12 Company's system exceeded the maximum containment level ("MCL") for disinfection by-products
13 for both trihalomethanes ("TTHM") and haloacetic acids ("HAA5"). As a result, ADEQ is unable to
14 determine whether Cibola's system is currently delivering water that meets water quality standards
15 required by 40 C.F.R. §§ 141.1, *et seq.* (National Primary Drinking Water Regulations) and A.A.C.,
16 Title 18, Chapter 4.

17 35. Staff believes it is likely that the Company will continue to exceed the MCL for
18 TTHM and HAA5 for an extended period of time. Staff therefore recommends that Cibola file
19 biannual status reports to delineate the Company's efforts towards achieving compliance with ADEQ.

20 **Contributions in Aid of Construction ("CIAC")**

21 36. Staff expresses concern that approximately 96 percent of the Company's total plant is
22 funded by CIAC. According to Staff, the amount of CIAC can affect available cash flows because
23 amortization of CIAC is recognized as a reduction to recoverable depreciation expense when setting
24 rates. In this case, Staff made an adjustment to recover \$7,854 of depreciation expense by calculating
25 non-depreciable plant (\$232,179 or 4.5 percent of total plant) as non-amortizable contribution.

26 37. Although we acknowledge Staff's general concern regarding the amount of CIAC on a
27 utility's books, we believe in this case that the non-profit Company's reliance on CIAC is acceptable.
28 As we noted in Decision No. 65750 (March 20, 2003), the funding for the construction of the

1 Company's water system came largely in the form of grants (contributions) from the Rural Utilities
2 Service of the USDA. Since the grants provided a substantial benefit to the Company and its
3 ratepayers, we believe the Company's reliance on CIAC is appropriate in this case.

4 **Staff's Recommendations**

5 38. Staff recommends the following:

- 6 a) That Staff's recommended rates and charges be approved;
- 7 b) That Cibola file with Docket Control, as a compliance item in this docket,
8 within 30 days of the effective date of this Decision, a schedule of the
9 approved rates and charges;
- 10 c) That Cibola be authorized to collect from its customers a proportionate share
11 of any privilege, sales, or use tax, as provided for in A.A.C. R14-2-409(D);
- 12 d) That Cibola be ordered to use the depreciation rates delineated in Table B of
13 the Engineering Report portion of the Staff Report in this matter;
- 14 e) That Cibola be ordered to adopt Staff's recommended plant categories and
15 balances in order to assure compliance with USoA and GAAP in the future;
- 16 f) That Cibola file with Docket Control, as a compliance item in this docket,
17 within 90 days of the effective date of this Decision, an affidavit attesting that
18 the Company will adopt and implement Staff's recommended plant categories
19 and balances on a going-forward basis;
- 20 g) That Cibola file with Docket Control, as a compliance item in this docket, a
21 status report delineating the efforts of the Company to achieve compliance
22 with ADEQ, within six months of the effective date of this Decision, and file
23 additional status reports every six months thereafter until further notice from
24 the Commission; and
- 25 h) That Cibola file with Docket Control, as a compliance item in this docket,
26 within 90 days of the effective date of this Decision, at least three Best
27 Management Practices ("BMP") in the form of tariffs that substantially
28 conform to the templates available on the Commission's website, for the

1 Commission's review and consideration. In its next general rate application,
2 Cibola may request recovery of the actual costs incurred by BMP
3 implementation.

4 **Resolution**

5 39. We are concerned that Cibola's water system is exceeding the MCL for both TTHM
6 and HAA5, and that ADEQ is unable to determine whether the water being served to customers
7 meets applicable water quality standards. Consistent with previous Commission Decisions, we
8 believe it is appropriate to make the new rates effective upon a showing by the Company that it is in
9 compliance with ADEQ. We agree with Staff's recommendation that Cibola be required to file
10 biannual status reports delineating the Company's efforts and progress towards achieving that
11 compliance. However, we will modify this recommendation such that Cibola's obligation to file
12 biannual status reports will terminate when the Company files notice that its water system is in
13 compliance with ADEQ regulations or upon further order of the Commission. For the purposes of
14 this Decision, Cibola shall be deemed to be in compliance when ADEQ has made a determination
15 that Cibola's system is no longer exceeding the MCL for disinfection by-products for both TTHM
16 and HAA5. We direct Staff to monitor the Company's progress towards achieving that compliance
17 and make additional recommendations to the Commission, as necessary.

18 40. Because an allowance for the property tax expense is included in Cibola's rates and
19 will be collected from its customers, the Commission seeks assurances from Cibola that any taxes
20 collected from ratepayers have been remitted to the appropriate taxing authority. It has come to the
21 Commission's attention that a number of water companies have been unwilling or unable to fulfill
22 their obligation to pay the taxes that were collected from its ratepayers, some for as many as twenty
23 years. It is reasonable, therefore, that as a preventive measure Cibola shall file annually, as part of its
24 annual report, an affidavit with the Commission's Utilities Division attesting that the Company is
25 current in paying its Arizona property taxes.

26 41. Staff's recommendations set forth in Findings of Fact No. 38, as modified herein, as
27 well as the requirements stated in Findings of Fact No. 39 and 40, are in the public interest and
28 should be adopted.

CONCLUSIONS OF LAW

1
2 1. Cibola Mutual Water Company is a public service corporation within the meaning of
3 Article XV of the Arizona Constitution and A.R.S. §§ 40-250, 40-251.

4 2. The Commission has jurisdiction over Cibola Mutual Water Company and the subject
5 matter of the Application.

6 3. Cibola Mutual Water Company provided notice of the Application in accordance with
7 Arizona law.

8 4. Cibola Mutual Water Company's fair value rate base is negative \$151,109.

9 5. The rates and charges authorized herein are just and reasonable and should be
10 approved without a hearing.

11 6. Staff's recommendations set forth in Findings of Fact No. 38, as modified herein, as
12 well as the requirements stated in Findings of Fact No. 39 and 40, are just and reasonable and in the
13 public interest.

ORDER

14
15 IT IS THEREFORE ORDERED that Cibola Mutual Water Company is hereby directed to file
16 with Docket Control, as a compliance item in this docket, by April 30, 2014, revised schedules
17 setting forth the following rates and charges:

MONTHLY USAGE CHARGE:

18	5/8" x 3/4" Meter	\$ 25.00
19	3/4" Meter	52.00
20	1" Meter	62.00
21	1 1/2" Meter	125.00
22	2" Meter	200.00
23	3" Meter	400.00
	4" Meter	625.00
	6" Meter	1,250.00

COMMODITY CHARGE:
(Per 1,000 Gallons)

24	5/8" x 3/4" Meter	
25	0 - 8,000 gallons	\$ 4.00
26	8,001 to 16,000 gallons	\$ 5.25
27	Over 16,000 gallons	\$ 6.50
28		

1	3/4" Meter		
2	0 – 8,000 gallons	\$	4.00
3	8,001 to 16,000 gallons	\$	5.25
4	Over 16,000 gallons	\$	6.50
5	1" Meter		
6	0 – 8,000 gallons	\$	6.50
7	8,001 to 16,000 gallons	\$	7.50
8	Over 16,000 gallons	\$	8.60
9	1 ½" Meter		
10	0 – 20,000 gallons	\$	7.50
11	Over 20,000 gallons	\$	8.60
12	2" Meter		
13	0 – 50,000 gallons	\$	7.50
14	Over 50,000 gallons	\$	8.60
15	3" Meter		
16	0 – 80,000 gallons	\$	7.50
17	Over 80,000 gallons	\$	8.60
18	4" Meter		
19	0 – 150,000 gallons	\$	7.50
20	Over 150,000 gallons	\$	8.60
21	6" Meter		
22	0 – 500,000 gallons	\$	7.50
23	Over 500,000 gallons	\$	8.60

SERVICE LINE AND METER**INSTALLATION CHARGES:**

(Refundable pursuant to A.A.C. R14-2-405)

	<u>Service Line</u>	<u>Meter</u>	<u>Total Charges*</u>	
21				
22	5/8" x 3/4" Meter	\$ 445	\$ 155	\$ 600
23	3/4" Meter	\$ 445	\$ 255	\$ 700
24	1" Meter	\$ 495	\$ 315	\$ 810
25	1 ½" Meter	\$ 550	\$ 525	\$ 1,075
26	2" Meter	\$ 830	\$ 1,045	\$ 1,875
27	3" Meter	\$ 1,045	\$ 1,670	\$ 2,715
28	4" Meter	\$ 1,490	\$ 2,670	\$ 4,160
29	6" Meter	\$ 2,210	\$ 5,025	\$ 7,235

* The actual cost incurred for boring under a paved road (including opening of a paved road from the top) will be added if required.

SERVICE CHARGES:

1	Establishment	\$ 30.00
2	Reconnection (Delinquent)	\$ 25.00
	After Hours Service Charge	\$ 35.00
3	Meter Test	\$ 20.00
	Deposit	*
4	Deposit Interest	*
	Reestablishment (Within 12 Months)	**
5	Non-Sufficient Fund ("NSF") Check	\$ 15.00
6	Deferred Payment (Per Month)	1.50%
	Meter Re-Read (If Correct)	\$ 15.00
7	Late Payment Fee (Per Month)	1.50%

MONTHLY SERVICE CHARGE FOR FIRE SPRINKERS:

8	4" or Smaller	***
9	6"	***
	8"	***
10	10"	***
	Larger than 10"	***

11 * Per Commission Rule A.A.C. R-14-2-403(B).

12 ** Months off system times the monthly minimum per Commission Rule A.A.C. R14-2-403(D).

13 *** 2.00% of monthly minimum for a comparable sized meter connection, but no less than \$10.00 per
14 month. The service charge for fire sprinklers is only applicable for service lines separate and distinct
15 from the primary water service line.

16 IT IS FURTHER ORDERED that the above rates and charges shall be effective on the first
17 day of the month following the filing of a notice of compliance with the Arizona Department of
18 Environmental Quality, as defined herein.

19 IT IS FURTHER ORDERED that, in addition to collection of its regular rates and charges,
20 Cibola Mutual Water Company shall collect from its customers a proportionate share of any
21 privilege, sales or use tax per A.A.C. R14-2-409(D).

22 IT IS FURTHER ORDERED that Cibola Mutual Water Company shall notify its customers
23 of the authorized rates and charges and their effective date, in a form acceptable to the Commission's
24 Utilities Division Staff, by means of an insert in its next regularly scheduled billing following the
25 filing of a notice of compliance with the Arizona Department of Environmental Quality, as defined
26 herein.

27 IT IS FURTHER ORDERED that Cibola Mutual Water Company shall use the depreciation
28 rates delineated in Table B of the Engineering Report portion of the Staff Report in this matter.

IT IS FURTHER ORDERED that Cibola Mutual Water Company shall adopt and implement

1 the plant categories and balances recommended by the Commission’s Utilities Division, and file with
2 Docket Control, as a compliance item in this docket, within 90 days of the effective date of this
3 Decision, an affidavit attesting that Cibola Mutual Water Company will adopt and implement those
4 plant categories and balances on a going-forward basis.

5 IT IS FURTHER ORDERED that Cibola Mutual Water Company shall file, each April and
6 October, a status report covering the previous six months that describes its efforts and progress
7 towards achieving compliance with the Arizona Department of Environmental Quality, with the first
8 status report due no later than October 15, 2014. Cibola Mutual Water Company shall continue to
9 file status reports biannually until such time as it files notice that its water system is in compliance
10 with the Arizona Department of Environmental Quality, as defined herein, or upon further order of
11 the Commission.

12 IT IS FURTHER ORDERED directing Staff to monitor the Company’s progress towards
13 achieving compliance with the Arizona Department of Environmental Quality and make additional
14 recommendations to the Commission, as necessary.

15 IT IS FURTHER ORDERED that Cibola Mutual Water Company shall file with Docket
16 Control, as a compliance item in this docket, within 90 days of the effective date of this Decision, at
17 least three Best Management Practices in the form of tariffs that substantially conform to the
18 templates available at the Commission’s website, for the Commission’s review and consideration.

19 IT IS FURTHER ORDERED that Cibola Mutual Water Company may defer the direct costs
20 of implementing its Best Management Practices for consideration of recovery in a future rate
21 proceeding.

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1 IT IS FURTHER ORDERED that Cibola Mutual Water Company shall file annually, as part
2 of its Annual Report, an affidavit with the Commission's Utilities Division attesting that it is current
3 in paying its property taxes in Arizona.

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

5 **BY ORDER OF THE ARIZONA CORPORATION COMMISSION.**

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8 CHAIRMAN _____ COMMISSIONER

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10 COMMISSIONER _____ COMMISSIONER _____ COMMISSIONER

11
12 IN WITNESS WHEREOF, I, JODI JERICH, Executive
13 Director of the Arizona Corporation Commission, have
14 hereunto set my hand and caused the official seal of the
15 Commission to be affixed at the Capitol, in the City of Phoenix,
16 this _____ day of _____ 2014.

17 JODI JERICH
EXECUTIVE DIRECTOR

18 DISSENT _____

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20 DISSENT _____
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1 SERVICE LIST FOR:

W-04106A-13-0266

2 DOCKET NO.:

CIBOLA MUTUAL WATER COMPANY

3 Dave Grundy
4 General Manager
5 R.R. 2 Box 77
6 5948 Levee Road
7 Cibola, AZ 85328

8 Janice Alward, Chief Counsel
9 Legal Division
10 ARIZONA CORPORATION COMMISSION
11 1200 West Washington Street
12 Phoenix, AZ 85007

13 Steven M. Olea, Director
14 Utilities Division
15 ARIZONA CORPORATION COMMISSION
16 1200 West Washington Street
17 Phoenix, AZ 85007

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