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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

MAR 19 2014

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

DOCKETED BY
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IN THE MATTER OF THE APPLICATION OF A.
PETERSEN WATER COMPANY FOR A
PERMANENT RATE INCREASE.

DOCKET NO. W-02678A-13-0293

DECISION NO. 74385

ORDER

Open Meeting
March 11 and 12, 2014
Phoenix, Arizona

BY THE COMMISSION:

This case involves an application for a permanent rate increase filed with the Arizona Corporation Commission ("Commission") by A. Petersen Water Company ("A. Petersen"), a Class E water utility providing service to approximately 39 customers in a service area located approximately 20 miles northwest of Show Low and 9 miles west of Snowflake on State Route 277 in Navajo County. A. Petersen's current rates and charges were approved in Decision No. 72227 (March 9, 2011),¹ using a 2009 test year. This case uses a test year ending December 31, 2012.

* * * * *

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

FINDINGS OF FACT

Background

1. A. Petersen is an Arizona subchapter S corporation and a Class E water utility providing service, pursuant to a Certificate of Convenience and Necessity granted by the Commission, in a service area located approximately 20 miles northwest of Show Low and 9 miles west of Snowflake on State Route 277 in Navajo County.

¹ Official notice is taken of Decision No. 72227 (March 9, 2011).

1 2. A. Petersen is owned by Mark Grapp, who also serves as its President and sole
2 Director.² Mark Grapp owns three other water utilities and a management company.³ A. Petersen
3 reports that the companies owned by Mark Grapp do not share assets. A. Petersen's Vice President
4 of Operations is Thomas Grapp.

5 3. During the test year ending December 31, 2012 ("TY"), A. Petersen served an average
6 of 39 customers per month, all through 5/8" x 3/4" metered connections. TY average monthly water
7 usage per customer was 5,765 gallons, and TY median monthly water usage per customer was 3,647
8 gallons. Although A. Petersen has a bulk water rate, there were no bulk water sales during the TY.

9 4. A. Petersen lost six customers between the end of 2009 (the last TY) and the end of
10 2012, and predicts that its customer base will be flat for the next five years.

11 5. A. Petersen's system consists of one well with a pumping capacity of 60 gallons per
12 minute, two 10,000-gallon storage tanks, one 3,000-gallon pressure tank, and a distribution system.
13 An Engineer for the Commission's Utilities Division ("Staff") visited the system on November 7,
14 2013, and concluded that the system has adequate production capacity and storage capacity to serve
15 the existing customer base and reasonable growth, should any growth occur.

16 6. A compliance status report issued by the Arizona Department of Environmental
17 Quality ("ADEQ") on November 3, 2013, stated that A. Petersen is currently delivering water
18 meeting the water quality standards of Title 40, Part 141 of the Code of Federal Regulations and
19 Arizona Administrative Code ("A.A.C.") Title 18, Chapter 4.

20 7. Because A. Petersen is not located in an Active Management Area ("AMA"), it is not
21 subject to Arizona Department of Water Resources ("ADWR") AMA reporting and conservation
22 requirements. ADWR reported on October 21, 2013, that A. Petersen is in compliance with ADWR
23 requirements governing water providers and/or community water systems.

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26 ² Official notice is taken of A. Petersen's Corporation Annual Report & Certificate of Disclosure, filed with the
27 Commission's Corporations Division on July 17, 2013, and available electronically using the STARPAS function on the
Commission's website.

28 ³ The other water utilities are Cedar Grove Water, Inc.; Vernon Valley Water, Inc.; and Watco, Inc. (Decision No.
72227 at 2.)

1 8. For the TY, A. Petersen reported 2,779,000 gallons pumped and 2,699,520 gallons
2 sold, resulting in a water loss of 79,480 gallons, or 2.86 percent, which is within Commission
3 standards for non-account water to be at a level of 10-percent or less.

4 9. On October 21, 2013, Staff's Compliance Section reported that A. Petersen has no
5 delinquent compliance items.

6 10. Staff's Consumer Services Section database shows that two complaints were filed
7 against A. Petersen between January 1, 2010, and November 15, 2013, both of which have been
8 resolved.

9 11. A. Petersen is current on its property and sales tax payments.

10 12. A. Petersen is in good standing with the Commission's Corporations Division.

11 13. A. Petersen has an approved Curtailment Plan Tariff and an approved Backflow
12 Prevention Tariff on file with the Commission.

13 **Procedural History**

14 14. On September 3, 2013, A. Petersen filed with the Commission an application
15 requesting a permanent rate increase and using a 2012 test year. For the TY, A. Petersen reported
16 total operating revenues of \$22,128 and an operating loss of \$706. A. Petersen requested an increase
17 in total operating revenues of \$11,972, approximately 54 percent over TY revenues. A. Petersen
18 showed that it had served 41 metered customers during the TY and that notice of the rate application
19 had been mailed to its customers between August 30, 2013, and September 3, 2013.

20 15. On September 16 and 20, 2013, two customer comments were filed, on behalf of
21 approximately 18 customers, all opposing the rate application for financial reasons.

22 16. On September 27, 2013, Staff issued a letter informing A. Petersen that its application
23 had met the sufficiency requirements of A.A.C. R14-2-103 and that A. Petersen had been classified
24 as a Class E water utility.

25 17. On October 1, 2013, a customer comment was filed opposing the rate application and
26 expressing concerns about water pressure and billing practices.

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1 18. On November 18, 2013, A. Petersen filed an amended application page including a
2 proposed commodity rate for bulk water and proposed monthly minimum charges for meter sizes
3 larger than 5/8" x 3/4," all set at the same level as currently authorized.

4 19. On November 26, 2013, Staff filed a Staff Report providing its recommendations on
5 A. Petersen's rate application. Staff recommended approval of a rate design intended to produce total
6 operating revenue of \$27,395, representing an increase of \$5,267, or 23.80 percent, over TY revenue.

7 20. On December 9, 2013, A. Petersen filed a response to the Staff Report, taking issue
8 with several of Staff's positions.

9 21. On December 16, 2013, a Procedural Order was issued requiring Staff to file a
10 Supplemental Staff Report in this matter by January 16, 2014, with Staff's responses to A. Petersen's
11 December 9, 2013, filing; requiring A. Petersen to file a response to the Supplemental Staff Report by
12 January 30, 2014; and extending the Commission's time frame in this matter by 45 days.

13 22. On January 16, 2014, Staff filed a Supplemental Staff Report, providing responses to
14 A. Petersen's December 9, 2013, filing and providing updated recommendations, including updated
15 rate schedules.

16 23. On January 30, 2014, A. Petersen filed a letter stating that A. Petersen consents to
17 accept the rates as proposed in the Supplemental Staff Report.

18 **Ratemaking**

19 24. A. Petersen proposed an original cost rate base ("OCRB") of \$23,452 and waived the
20 option of having its fair value rate base ("FVRB") determined using reconstructed cost new less
21 depreciation.

22 25. Staff's schedules show that approximately 79.77 percent of A. Petersen's plant in
23 service is either non-depreciable (*i.e.*, land and land rights) or fully depreciated. Staff's
24 recommended adjustments to A. Petersen's proposed OCRB increased accumulated depreciation by
25 \$16,277 and added \$2,562 in cash working capital calculated using the formula method, resulting in a
26 Staff recommended OCRB of \$9,737.

27 26. Staff's adjustments to OCRB are just and reasonable, and we adopt Staff's OCRB of
28 \$9,737 and find that A. Petersen's FVRB is equivalent to its OCRB and is \$9,737.

1 27. In its application, A. Petersen reported TY total operating revenues of \$22,128 and
2 total adjusted operating expenses of \$22,834, for a TY operating loss of \$706, but proposed that its
3 rates be established using adjusted TY operating expenses of \$25,243, to reflect pro forma
4 adjustments to TY salaries and wages expense and health and life insurance expense.⁴

5 28. In the Supplemental Staff Report, Staff calculated TY total operating revenues of
6 \$21,311 and operating expenses of \$22,925, for an operating loss of \$1,614.

7 29. Staff's adjustments to A. Petersen's TY results included removal of metered water
8 revenue not supported by TY bill counts; normalization of rate case expense over three years; a
9 decrease in depreciation expense caused by Staff's calculation of accumulated depreciation;
10 elimination of taxes other than income to reflect that sales taxes are a flow-through item rather than
11 an expense; and an increase in property tax expense to reflect Staff's calculation using the Arizona
12 Department of Revenue property method. In the Supplemental Staff Report, *inter alia*, Staff
13 increased its salaries and wages expense recommendation; increased its rate case expense
14 recommendation; and explained its recommended depreciation expense adjustment,⁵ its position on
15 allocation of shared expenses,⁶ and its recommendation for income tax expense allowance. Staff
16 further asserted that its recommended rate design would produce approximately 40 percent of
17 revenues through monthly minimum charges and 60 percent of revenues through commodity charges,
18 which Staff stated is consistent with its typical rate design revenue distribution.

19 ⁴ Staff reported that A. Petersen had requested adjusted TY operating expenses of \$25,381.

20 ⁵ Staff stated the following:

21 Book depreciation provides for the recovery of investment in plant assets over its useful life. The fact
22 that the Company's depreciation expense is reduced to its current level is an indication that its
23 under[lying] plant investments are becoming fully depreciated with little net book value remaining.
24 Staff notes that depreciation expense is fully funded in rates. The Commission effectively provided
25 funds for replacement of plant by including depreciation expense and operating margins in rates.
26 However, management must plan for the ultimate replacement of plant and some, or all, of the required
27 funding may need to come from investors. Ratepayers do not generally have an obligation to prefund
28 future plant investments, since such future plant investments would not be used and useful until after
the plant is placed in service.

Supplemental Staff Report at 4.

⁶ Staff stated that it was not recommending A. Petersen be required to use a four-factor allocation method for operating expenses in this rate case because A. Petersen is a small water company. But Staff encouraged A. Petersen to use a four-factor allocation method to allocate operating expenses for shared services in future rate cases, with the four allocating factors being (1) direct labor hours of employees, (2) direct operating expense, (3) number of customers, and (4) net plant. Staff stated that the goal of cost allocation is to prevent, or limit as much as possible, cross-subsidization of one company's customers by another company's customers. (Supplemental Staff Report at 5.)

1 30. We find that Staff's adjustments to A. Petersen's TY results are just and reasonable
2 and that, for the TY, A. Petersen had total operating revenues of \$21,311 and operating expenses of
3 \$22,925, resulting in an operating loss of \$1,614.

4 31. Staff recommended a revenue increase of \$8,564,⁷ or approximately 40 percent over
5 TY revenues, to be realized through increased monthly minimum charges and increased commodity
6 rates. Staff also recommended adoption of uniform commodity tier break-over points for all meter
7 sizes, but without reducing the break-over point to the third tier. Staff also recommended service
8 charges consistent with those proposed by A. Petersen, but with a slightly higher after-hours service
9 charge.

10 32. Staff's recommended revenue increase would produce total operating revenue of
11 \$29,875; operating income of \$5,992; a cash flow of \$6,321; an operating margin of 20.06 percent;
12 and a rate of return of 61.54 percent using Staff's recommended OCRB.

13 33. The rates currently authorized for A. Petersen, proposed by A. Petersen in its
14 application as amended, and recommended by Staff in the Supplemental Staff Report are as follows:

15 MONTHLY USAGE CHARGE:

	<u>Current</u> <u>Rates</u>	<u>Company</u> <u>Proposed</u>	<u>Staff</u> <u>Recommended</u>
16 5/8" x 3/4" Meter (All Classes)	\$ 21.50	\$ 26.90	\$ 25.00
17 3/4" Meter (All Classes)	32.25	32.25	25.00
18 1" Meter (All Classes)	53.75	53.75	62.50
19 1-1/2" Meter (All Classes)	107.50	107.50	125.00
20 2" Meter (All Classes)	172.00	172.00	200.00
21 3" Meter (All Classes)	344.00	344.00	400.00
22 4" Meter (All Classes)	537.50	537.50	625.00
23 6" Meter (All Classes)	1,075.00	1,075.00	1,250.00

24 COMMODITY CHARGES (Per 1,000 Gallons)

25 5/8" x 3/4" Meters and 3/4" Meters (All Classes); 1" Meters (Residential)

26 1 to 3,000 Gallons	\$2.50
27 3,001 to 9,000 Gallons	\$4.00
28 Over 9,000 Gallons	\$6.14

29 1" Meter (Non-Residential)

30 1 to 32,000 Gallons	\$4.00
31 Over 32,000 Gallons	\$6.14

32 ⁷ This amount was an increase of \$2,480 from the original Staff Report.

1	<u>1-1/2" Meter (All Classes)</u>			
	1 to 106,000 Gallons	\$4.00		
2	Over 106,000 Gallons	\$6.14		
3	<u>2" Meter (All Classes)</u>			
	1 to 195,000 Gallons	\$4.00		
4	Over 195,000 Gallons	\$6.14		
5	<u>3" Meter (All Classes)</u>			
6	1 to 434,000 Gallons	\$4.00		
	Over 434,000 Gallons	\$6.14		
7				
8	<u>4" Meter (All Classes)</u>			
	1 to 545,000 Gallons	\$4.00		
9	Over 545,000 Gallons	\$6.14		
10	<u>6" Meter (All Classes)</u>			
	1 to 755,000 Gallons	\$4.00		
11	Over 755,000 Gallons	\$6.14		
12	<u>All Meter Sizes</u>			
13	First Tier – 0 - 3,000 gallons		\$5.75	
	Second Tier – 3,001 - 8,000 gallons		\$8.75	
14	Third Tier – Over 8,000 gallons		\$13.25	
15	<u>All Meter Sizes</u>			
	First Tier – 0 - 3,000 gallons			\$3.72
16	Second Tier – 3,001 - 9,000 gallons			\$6.72
17	Third Tier – Over 9,000 gallons			\$10.34
18	<u>Bulk Water</u>			
	All Usage, Per 1,000 Gallons	\$6.14	\$6.14	\$10.34
19				

SERVICE LINE & METER INSTALLATION CHARGES:

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

21		<u>Current & Proposed</u>		
22		<u>Service Line</u>	<u>Meter</u>	<u>Total</u>
23		<u>Charge</u>	<u>Charge</u>	<u>Charges</u>
	5/8" x 3/4" Meter	-	-	-
24	3/4" Meter	\$230	\$90	\$320
	1" Meter	\$230	\$140	\$370
25	1-1/2" Meter	\$280	\$265	\$545
	2" Meter Turbine	\$330	\$420	\$750
26	3" Meter Turbine	\$380	\$600	\$980
	4" Meter Turbine	\$650	\$1,170	\$1,820
27	6" Meter Turbine	\$1,200	\$2,720	\$3,920
28				

SERVICE CHARGES:

	<u>Present Rates</u>	<u>Company Proposed</u>	<u>Staff Recommended</u>
Establishment	\$25.00	\$25.00	\$25.00
Establishment (After Hours)	\$40.00	N/A	N/A
Reconnection (Delinquent)	\$50.00	\$50.00	\$50.00
Reconnection (Delinquent – After hours)	\$75.00	N/A	N/A
Meter Test (If Correct)	\$40.00	\$40.00	\$40.00
Deposit	*	*	*
Deposit Interest	*	*	*
Re-Establishment (Within 12 months)	**	**	**
NSF Check	\$30.00	\$30.00	\$30.00
Deferred Payment Per Month	1.50%	1.50%	1.50%
Meter Re-Read (If Correct)	\$15.00	\$25.00	\$25.00
Late Charge per month (On unpaid balance)	1.50%	1.50%	1.50%
Service Charge (After Hours)	N/A	\$35.00	\$40.00

Monthly Service Charge for Fire Sprinkler

	<u>Present Rates</u>	<u>Company Proposed</u>	<u>Staff Recommended</u>
All Meter Sizes	***	N/A	***

* Per Commission rule (R-14-2-403(B)).

** Months off system times the monthly minimum (R14-2-403(D)).

*** 2.00% of monthly minimum for a comparable size 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.

34. In its response to the Supplemental Staff Report, A. Petersen accepted Staff's recommended rates and charges.

35. Staff's recommended rates and charges, which A. Petersen now accepts, would have the following impact on the monthly bill for a customer served by a 5/8" x3/4" meter with average or median usage:⁸

	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Average Usage (5,765 gallons)	\$40.06	\$54.74	\$14.68	36.65%
Median Usage (3,647 gallons)	\$31.59	\$40.51	\$8.92	28.24%

36. Staff's recommended revenue requirement of \$29,875 is just and reasonable, and we will adopt it. While it would be preferable to determine A. Petersen's revenue requirement by applying a reasonable rate of return to A. Petersen's FVRB, we agree with Staff that A. Petersen's

⁸ A. Petersen's proposed rates and charges would have resulted in increases approximately twice as high for average and median usage bills.

1 FVRB is so low that it would not be a meaningful exercise at this time. Using a cash flow analysis is
 2 an appropriate alternate means of determining the revenue requirement under these particular
 3 circumstances.

4 37. Although A. Petersen's FVRB remains low, we note that it is higher than the FVRB in
 5 its last rate case,⁹ and we encourage A. Petersen to continue increasing its rate base, to bring it to an
 6 appropriate level, by making reasonable and prudent investments in the system whenever system
 7 improvements are needed.

8 38. We will adopt Staff's recommended revenue requirement and the rates and charges
 9 recommended by Staff and accepted by A. Petersen. Rather than adopting a uniform commodity rate
 10 design for all meter sizes, however, we will adopt different commodity rate tier break-over points for
 11 different meter sizes, consistent with A. Petersen's current rate design. All of A. Petersen's TY
 12 customers were served through 5/8" x 3/4" meters, but A. Petersen may be called upon to provide
 13 service to larger meter customers in the future. This could create inequity if a customer served by a
 14 larger meter size has monthly consumption at a level consistent with that larger meter size and is
 15 required to pay the highest tier commodity rate for almost all of its water usage each month. To
 16 prevent this, we will maintain the current commodity rate tier break-over points for A. Petersen,
 17 modified so as to eliminate the class distinction for 1" meter customers. Because all of A. Petersen's
 18 TY customers were served by 5/8" x 3/4" meters, this modification has no impact on A. Petersen's
 19 projected revenues or revenue requirement and does not change the probable bill impacts for any
 20 existing customer.

21 **Staff Recommendations**

22 39. Staff made the following recommendations in this matter:

23 (a) That Staff's recommended rates and charges, as shown in Supplemental
 24 Schedule BCA-4 be approved and that A. Petersen be authorized to collect from its customers, in
 25 addition to its regular rates and charges, a proportionate share of any privilege, sales, or use tax as
 26 provided for in A.A.C. R14-2-409(D);

27

28 ⁹ In Decision No. 72227, we found A. Petersen's FVRB to be \$7,566.

1 (b) That A. Petersen be required to file with Docket Control, as a compliance item
2 in this Docket, within 30 days after the effective date of the Decision in this proceeding, a tariff
3 schedule of its new rates and charges;

4 (c) That A. Petersen be required to adopt the typical and customary depreciation
5 rates delineated in Table B of Staff's Engineering Report;

6 (d) That A. Petersen continue to use its current meter and service line installation
7 charges;

8 (e) That A. Petersen be required to file with Docket Control, as a compliance item
9 in this docket, within 90 days after the effective date of this Decision, for the Commission's review
10 and consideration, at least three Best Management Practices ("BMPs") in the form of tariffs that
11 substantially conform to the templates created by Staff and available on the Commission's website;
12 and

13 (f) That A. Petersen be permitted, in its next general rate application, to request
14 cost recovery of actual costs associated with the BMPs implemented.

15 40. In its response to the Staff Report, A. Petersen requested that Staff eliminate the BMP
16 recommendation in its Supplemental Staff Report, asserting that small water utilities struggle to meet
17 expenses, that BMPs impose additional expenses and burdens on such companies, and that the
18 additional costs imposed by BMPs should be determined by Staff proactively and considered along
19 with a rate application rather than retroactively in a company's next general rate case.¹⁰ A. Petersen
20 also noted that the Commission had recently eliminated the Staff-recommended BMP requirement
21 during the Open Meeting discussion of an order in the rate case for another system owned by Mark
22 Grapp.

23 41. A. Petersen's reference to the recent rate case for another system owned by Mark
24 Grapp appears to have been a reference to Decision No. 73730 (February 20, 2013), in which Staff
25 had recommended that Watco, Inc. be required to submit three BMP tariffs for Commission approval,
26

27 _____
28 ¹⁰ We note that allowing recovery in rates for this type of proactive estimate can create conflicts with the ratemaking principle that expenses should not be recoverable unless they are "known and measurable."

1 and the Commission declined to adopt the BMP recommendation.¹¹ Like A. Petersen, Watco, Inc. is
2 a small water utility that is not located in an AMA.

3 42. In the Supplemental Staff Report, Staff explained that its BMP recommendation was
4 made pursuant to a guideline established by Staff in April 2011 to bring consistency to the number of
5 BMPs Staff would recommend for water utilities, based on Class, in recognition of the Commission's
6 desire for BMPs to be required in addition to ADWR requirements. Under this guideline, Staff
7 recommended three BMPs for A. Petersen due to its Class E status.

8 43. While the Commission appreciates that Staff's BMP recommendations have been
9 made due to Commission direction received in a number of prior cases, the Commission does not find
10 sufficient justification in this case to impose a BMP requirement upon A. Petersen, over its objection,
11 when the Commission chose not to impose the same BMP requirement upon the affiliated Watco,
12 Inc., which is also located outside of an AMA and is also a small water company, although larger
13 than A. Petersen. In reaching this determination, we have taken into account that A. Petersen does
14 not have excessive water loss and that its customers generally do not appear to have inordinately high
15 water consumption.

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

24 45. Staff's recommendations set forth in Findings of Fact No. 39(a) through (d), with the
25 modifications described in Findings of Fact No. 38, are reasonable and appropriate and will be
26 adopted.

27 ¹¹ Official notice is taken of this Decision and of the Commission's omitting from the Decision the BMP requirement
28 that had been included in the Recommended Order considered at Open Meeting. Watco, Inc. has approximately 296
customers and is not located in an AMA. (See Decision No. 73730.)

CONCLUSIONS OF LAW

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

4 2. The Commission has jurisdiction over A. Petersen and the subject matter of the
5 application.

6 3. Notice of A. Petersen’s ratemaking application was provided in accordance with the
7 law.

8 4. A. Petersen’s FVRB is \$9,737.

9 5. The rates and charges and terms and conditions of service approved herein are just and
10 reasonable and in the public interest.

11 6. It is just and reasonable and in the public interest for the Commission to take the
12 actions and impose the requirements described in Findings of Fact Nos. 38, 39(a) through (d), and 44.

ORDER

14 IT IS THEREFORE ORDERED that A. Petersen Water Company shall file with the
15 Commission’s Docket Control, as a compliance item in this docket, on or before March 31, 2014,
16 revised rate schedules setting forth the following rates and charges:

MONTHLY USAGE CHARGE:

17		
18	5/8” x 3/4” Meter (All Classes)	\$ 25.00
19	3/4” Meter (All Classes)	25.00
20	1” Meter (All Classes)	62.50
21	1-1/2” Meter (All Classes)	125.00
22	2” Meter (All Classes)	200.00
	3” Meter (All Classes)	400.00
	4” Meter (All Classes)	625.00
	6” Meter (All Classes)	1,250.00

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COMMODITY CHARGES (Per 1,000 Gallons):**5/8" x 3/4" Meters and 3/4" Meters (All Classes)**

1 to 3,000 Gallons	\$ 3.72
3,001 to 9,000 Gallons	6.72
Over 9,000 Gallons	10.34

1" Meter (All Classes)

1 to 32,000 Gallons	6.72
Over 32,000 Gallons	10.34

1-1/2" Meter (All Classes)

1 to 106,000 Gallons	6.72
Over 106,000 Gallons	10.34

2" Meter (All Classes)

1 to 195,000 Gallons	6.72
Over 195,000 Gallons	10.34

3" Meter (All Classes)

1 to 434,000 Gallons	6.72
Over 434,000 Gallons	10.34

4" Meter (All Classes)

1 to 545,000 Gallons	6.72
Over 545,000 Gallons	10.34

6" Meter (All Classes)

1 to 755,000 Gallons	6.72
Over 755,000 Gallons	10.34

Bulk Water

All Usage, Per 1,000 Gallons	\$10.34
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SERVICE LINE & METER INSTALLATION CHARGES:

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

	<u>Service Line</u>	<u>Meter</u>	<u>Total</u>
	<u>Charge</u>	<u>Charge</u>	<u>Charges</u>
5/8" x 3/4" Meter	-	-	-
3/4" Meter	\$230	\$90	\$320
1" Meter	\$230	\$140	\$370
1-1/2" Meter	\$280	\$265	\$545
2" Meter Turbine	\$330	\$420	\$750
3" Meter Turbine	\$380	\$600	\$980
4" Meter Turbine	\$650	\$1,170	\$1,820
6" Meter Turbine	\$1,200	\$2,720	\$3,920

SERVICE CHARGES:

1	Establishment	\$25.00
2	Reconnection (Delinquent)	\$50.00
	Meter Test (If Correct)	\$40.00
3	Deposit	*
	Deposit Interest	*
4	Re-Establishment (Within 12 months)	**
5	NSF Check	\$30.00
	Deferred Payment Per Month	1.50%
6	Meter Re-Read (If Correct)	\$25.00
	Late Charge per month (On unpaid balance)	1.50%
7	Service Charge (After Hours)	\$40.00

Monthly Service Charge for Fire Sprinkler

9 All Meter Sizes ***

- 10 * Per Commission rule (R-14-2-403(B)).
- 11 ** Months off system times the monthly minimum (R14-2-403(D)).
- 12 *** 2.00% of monthly minimum for a comparable size 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.

13 In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax, per Commission rule A.A.C. R14-2-409(D)(5).

14
15 IT IS FURTHER ORDERED that the above rates and charges shall be effective for all service
16 provided on and after April 1, 2014.

17 IT IS FURTHER ORDERED that A. Petersen Water Company shall notify its customers of
18 the rates and charges authorized herein and their effective date, in a form acceptable to the
19 Commission's Utilities Division Staff, by means of an insert in its next regularly scheduled billing.

20 IT IS FURTHER ORDERED that A. Petersen Water Company shall use, on a going-forward
21 basis, the depreciation rates delineated in Table B of the Engineering Report portion of the Staff
22 Report in this matter.

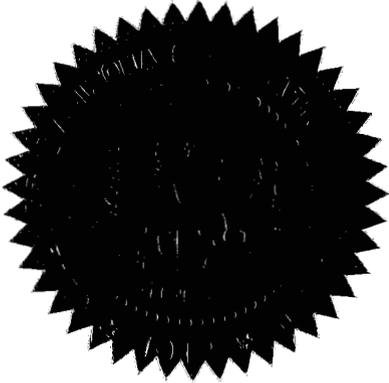
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1 IT IS FURTHER ORDERED that A. Petersen Water Company shall file annually, as part of
2 its annual report, an affidavit with the Commission's Utilities Division attesting that the Company is
3 current in paying its Arizona property taxes

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

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

6
7
8 [Signature] CHAIRMAN [Signature] COMMISSIONER
9 [Signature] COMMISSIONER [Signature] COMMISSIONER [Signature] COMMISSIONER
10



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
Commission to be affixed at the Capitol, in the City of Phoenix,
this 19th day of March 2014.

15
16 [Signature]
17 JODI JERICH
EXECUTIVE DIRECTOR

18 DISSENT _____

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20 DISSENT _____
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1 SERVICE LIST FOR: A. PETERSEN WATER COMPANY, INC

2 DOCKET NO.: W-02678A-13-0293

3 Thomas Grapp
4 A. Petersen Water Company, Inc.
5 PO Box 85160
6 Tucson, AZ 85754

7 Janice Alward, Chief Counsel
8 Legal Division
9 ARIZONA CORPORATION COMMISSION
10 1200 W. Washington Street
11 Phoenix, Arizona 85007

12 Steve Olea, Director
13 Utilities Division
14 ARIZONA CORPORATION COMMISSION
15 1200 W. Washington Street
16 Phoenix, Arizona 85007

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