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BEFORE THE ARIZONA CORPORATION

COMMISSIONERS

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

Arizona Corporation Commission

DOCKETED

MAR 19 2014

DOCKETED BY ne

IN THE MATTER OF THE APPLICATION OF
TONGO VILLAGE WATER COMPANY, INC.
FOR A PERMANENT RATE INCREASE.

DOCKET NO. W-01580A-13-0255

DECISION NO. 74391

ORDER

Open Meeting
March 11 and 12, 2014
Phoenix, Arizona

BY THE COMMISSION:

Procedural History

On July 25, 2013, Tonto Village Water Company, Inc., ("Tonto" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for a permanent increase in its water rates and charges. Tonto's application requests an increase of \$45,000, or 130.01 percent over test year ("TY") revenues of \$34,594.

On August 23, 2013, the Commission's Utilities Division ("Staff") filed a Letter of Sufficiency, stating that Tonto's rate application had met the sufficiency requirements of the Arizona Administrative Code ("A.A.C."), and that Tonto had been classified as a Class D utility.

On November 6, 2013, Staff filed a Staff Report recommending approval of Tonto's rate application using Staff's recommended rates and charges.

* * * * *

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
2
3 1. Tonto is an Arizona public service corporation authorized to provide water utility
4 services in Arizona.

5 2. Tonto was granted a CC&N in Decision No. 30786 (March 10, 1958).

6 3. The Company’s CC&N area encompasses approximately 81 acres and is located
7 approximately 13 miles northeast of Payson, Arizona, in Gila County.¹

8 4. Tonto is a for-profit S Corporation owned by Jeff and Dianne Daniels.² Jeff Daniels
9 handles the day-to-day operations of the water system and Dianne Daniels oversees the accounting
10 and billing for the Company.³ The Company serves approximately 182 metered connections in a
11 small subdivided community known as Tonto Village 1, 2, & 3.⁴ Tonto’s customer base includes
12 residential customers, a charter school, and a restaurant.⁵

13 5. As part of its review of Tonto’s rate application, Staff conducted an on-site inspection
14 of the Company’s water system. Tonto’s water system consists of two well sites with a total of three
15 wells; two storage tanks with a total capacity of 44,000 gallons; and two pressure tanks.

16 6. Tonto’s Well Site #2 has two wells. Staff states that one well is currently in service
17 and that it provides water for the entire water system, and produces approximately 75 gallons per
18 minute (“gpm”).⁶ The remaining well is out of service due to a collapsed well casing.⁷

19 7. The Company’s Well Site #3 has one well. At the time of the Staff Report, Staff
20 stated that the Company was in the process of repairing the well at Well Site #3 within a few weeks
21 by replacing a faulty flow meter.⁸ Staff further stated that when the well is in service, it provides
22 approximately 24 gpm and that when the currently operating well at Well Site #2 and the well at Well
23 Site #3 are in service, Tonto has a well production of 99 gpm.⁹ Staff concluded that Tonto has

24 ¹ Staff Engineering Report at 1.

25 ² Id.

26 ³ Id.

27 ⁴ Id.

28 ⁵ Staff Engineering Report at 8.

⁶ Staff Engineering Report at 2.

⁷ Id.

⁸ Id.

⁹ Id.

1 adequate well production and storage capacity to serve its current customer base and reasonable
2 growth.¹⁰

3 8. Tonto has a distribution system that consists of 5,500 linear feet of 2-inch, 2,270 linear
4 feet of 3-inch, 1,710 linear feet of 4-inch, and 5,395 linear feet of water main pipe.¹¹

5 9. Staff states that Tonto’s water system has a non-account water loss of 11.5 percent,
6 which is above Staff’s recommended water loss of 10 percent or less.¹² Staff recommends that the
7 Company continue to monitor its water loss, on a monthly basis, by coordinating the reading from the
8 well production meters and individual customer meters and reporting the results in its Commission
9 Annual Reports on a going forward basis. Staff further recommends that, in the event water loss
10 reported in any Annual Report is greater than 10 percent, that Tonto prepare a report containing a
11 detailed analysis and plan to reduce water loss to less than 10 percent. If Tonto believes it is not cost
12 effective to reduce the water loss to less than 10 percent, Tonto should submit a detailed cost benefit
13 analysis to support its opinion. Staff states that in no case should Tonto allow water loss to be greater
14 than 15 percent. Staff states the water loss reduction report or the detailed analysis, whichever is
15 submitted, should be docketed as a compliance item no later than March 31st of the year following the
16 excessive water loss.

17 10. According to Staff, the Arizona Department of Environmental Quality (“ADEQ”) has
18 determined that Tonto’s water system has no major deficiencies in operation, maintenance, or
19 certified operator status.¹³ Staff states ADEQ has reported that Tonto has no major monitoring or
20 reporting deficiencies and is currently delivering water that meets water quality standards as required
21 by the Arizona Administrative Code (“A.A.C.”).¹⁴

22 11. Tonto’s CC&N area is not located within an Arizona Department of Water Resources
23 (“ADWR”) Active Management Area (“AMA”). Staff states that ADWR has determined that Tonto
24 is currently in compliance with departmental requirements governing water providers and/or
25

26 ¹⁰ According to Staff, the Company does not anticipate any growth in the CC&N area in the next few years.
27 ¹¹ Staff Engineering Report at 2.
28 ¹² Staff Engineering Report at 7.
¹³ Staff Engineering Report at 8.
¹⁴ ADEQ Compliance Report dated May 20, 2013.

1 community water systems.¹⁵

2 12. Staff recommends that Tonto file with Docket Control, as a compliance item in this
3 docket, and within 90 days of the effective date of a Decision in this proceeding, at least three Best
4 Management Practices (“BMPs”) in the form of tariffs that substantially conform to the templates
5 created by Staff for the Commission’s review and consideration. Further, Staff states that no more
6 than two of the BMPs may come from the “Public Awareness/Public Relations” or “Education and
7 Training” categories and that Tonto may request recovery of the actual costs incurred by
8 implementation of the BMPs in its next general rate case.

9 13. Tonto did not oppose Staff’s recommendations regarding the BMPs.

10 14. Although we appreciate Staff’s recommendations concerning BMPs for Tonto, we
11 find that it is not in the public interest at this time to require the Company to comply by adopting
12 BMPs and filing the related tariffs as recommended by Staff.

13 15. Tonto has no delinquent Commission compliance items.

14 16. Tonto has approved Curtailment and Backflow Prevention Tariffs on file with the
15 Commission.

16 17. All consumer complaints filed with the Commission against Tonto have been resolved
17 and closed.¹⁶

18 **Rates**

19 18. On July 25, 2013, Tonto filed an application with the Commission requesting a
20 permanent increase in its rates and charges, using a TY ending December 31, 2011. Tonto’s rate
21 application states that the Company is requesting a rate increase due to an increase in its operating
22 expenses.

23 19. The Company’s current rates and charges were approved in Decision No. 68066
24 (August 17, 2005).

25 20. Notice of the application was given in accordance with the law.

26 21. Various consumer comments were filed in this docket in opposition and in support of
27

28 ¹⁵ Staff Engineering Report at 9.

¹⁶ Staff reviewed the Commission’s records for the period beginning January 1, 2010 to October 15, 2013.

1 Tonto's rate application.¹⁷

2 22. Staff recommends approval of Tonto's rate application using Staff's recommended
3 rates and charges.

4 23. The rates and charges for the Company at present, as proposed in the application, and
5 as recommended by Staff are as follows:

6

7 **MONTHLY USAGE CHARGES:**

	<u>Current</u>	<u>Company</u>	<u>Staff</u>
	<u>Rates</u>	<u>Proposed</u>	<u>Recommended</u>
8 5/8" x 3/4" Meter	\$10.00	\$18.80	\$16.00
3/4" Meter	12.00	33.56	16.00
9 1" Meter	20.00	63.39	40.00
1-1/2" Meter	40.00	105.26	80.00
10 2" Meter	65.00	167.96	128.00
3" Meter	120.00	301.59	256.00
11 4" Meter	200.00	499.98	400.00
12 6" Meter	400.00	999.75	800.00

13 Gallons in Minimum	0	0	0
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14 **COMMODITY CHARGES:** (per 1,000 Gallons)

15 All Meter Sizes

16 First Tier – 0-3,000 gallons	\$1.05 ¹⁸	N/A	N/A
Second Tier – 3,001 to 7,000 gallons	2.15	N/A	N/A
17 Third Tier – Over 7,000 gallons	3.50	N/A	N/A

18 All Meter Sizes

19 First Tier – 0-2,000 gallons	N/A	\$4.00	N/A
Second Tier – 2,001 to 8,000 gallons	N/A	5.00	N/A
20 Third Tier – Over 8,000 gallons	N/A	7.00	N/A

21 All Meter Sizes

22 First Tier – 0-2,000 gallons	N/A	N/A	\$3.00
Second Tier – 2,001 to 7,000 gallons	N/A	N/A	4.25
23 Third Tier – Over 7,000 gallons	N/A	N/A	5.60

24 ...

25 ...

26

27 ¹⁷ Fourteen comments were filed in support and eighteen were filed in opposition to Tonto's proposed rate increase.

28 ¹⁸ Staff Schedule BCA-1 shows this rate to \$1.50, but the actual rate is \$1.05 pursuant to Decision No. 68066 (August 17, 2005).

SERVICE LINE AND METER INSTALLATION CHARGES:

Refundable Pursuant to A.A.C. R-14-12-405

	<u>Company</u>		<u>Staff Recommended</u>		<u>Total</u>
	<u>Current</u>	<u>Proposed</u>	<u>Service Line</u>	<u>Meter</u>	
5/8" x 3/4" Meter	\$375	\$910	\$445	\$465	\$910
3/4" Meter	425	1,010	445	565	1,010
1" Meter	500	1,200	495	315	810
1-1/2" Meter	675	1,400	550	525	1,075
2" Turbine Meter	900	1,875	830	1,045	1,875
3" Turbine Meter	1,300	2,715	-	-	ICB
4" Turbine Meter	1,800	4,160	-	-	ICB
6" Turbine Meter	N/A	N/A	-	-	N/A

ICB = Individual Case Basis

SERVICE CHARGES:

	<u>Present Rates</u>	<u>Company Proposed</u>	<u>Staff Recommended</u>
Establishment	\$25.00	\$30.00	\$25.00
Reconnection (Delinquent)	25.00	50.00	25.00
Meter Test (If Correct)	25.00	25.00	25.00
Deposit	*	*	*
Deposit Interest Per Annum	*	*	*
Re-Establishment (Within 12 months)	**	**	**
NSF Check	\$25.00	\$25.00	\$25.00
Deferred Payment Per Month	1.50%	1.50%	1.50%
Meter Re-Read (If Correct)	\$15.00	\$15.00	\$10.00
Late Payment	1.50%	5.00	5.00
After Hours Service Charge	\$40.00	60.00	35.00
<u>Monthly Service Charge for Fire Sprinkler</u>			
4" or Smaller	\$0.00	\$0.00	***
6"	0.00	0.00	***
8"	0.00	0.00	***
10"	0.00	0.00	***
Larger than 10"	0.00	0.00	***

- * Per Commission rule A.A.C. R-2-403(B)
- ** Number of months off system times the monthly minimum A.A.C.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.

24. Tonto's application indicates TY revenues of \$34,594, expenses of \$34,562, resulting in operating income of \$32, which based on the Company-reported original cost rate base ("OCRB") of \$54,358, yields a cash flow of \$5,319 and a rate of return of 0.06 percent.

25. Staff recommends adjusted TY revenues of \$34,288, expenses of \$51,203, resulting in an operating loss of \$16,915.

26. Tonto's application requests a proposed revenue increase of \$45,000 or 130.1 percent

1 above TY revenues of \$34,594, resulting in total operating revenues of \$79,594.¹⁹ The Company's
 2 request results in an operating income of \$45,034. Staff recommends a revenue increase of \$26,196
 3 or 76.40 percent over the Staff TY adjusted revenues of \$34,288, resulting in total operating revenues
 4 of \$60,484.²⁰ Staff's recommended revenues would provide an operating income of \$7,629 for a rate
 5 of return of 12.16 percent on Staff's adjusted OCRB of \$62,757.²¹

6 **Rate Base**

7 27. Staff made adjustments to Tonto's proposed OCRB, which resulted in an increase in
 8 the OCRB from \$54,358 to \$62,757.²² Staff's adjustments to Plant-In-Service reflect an overall
 9 increase of \$366, from \$188,553 to \$188,919, including an increase in Electric Pumping Equipment
 10 from \$25,783 to \$25,990; and an increase in Transmission and Distribution Mains from \$53,975 to
 11 \$54,134.²³ Staff states these adjustments to OCRB reflect plant that was in the service account
 12 balance per Decision No. 68066.²⁴

13 28. Staff also adjusted accumulated depreciation by \$3,262 from \$133,058 to \$129,796.²⁵
 14 Staff's adjustments include a decrease in the following accumulated depreciation accounts: Structures
 15 and Improvement (\$14); Wells and Springs (\$572); Electrical Pumping Equipment (\$906); Water
 16 Treatment (\$3); Solution Chemical Feeders (\$1,985); Transmission and Distribution Mains (\$79);
 17 Other Plant and Miscellaneous Equipment (\$46); and Power Operated Equipment (\$3).²⁶ Staff also
 18 recommends an upward adjustment of \$746 in Office Furniture & Fixtures account.

19 29. Staff also adjusted OCRB to calculate a cash working capital allowance for Tonto
 20 using the formula method.²⁷ Staff has previously stated that, for Class D and E utilities, Staff
 21 recommends the utilities have a positive cash working capital allowance to allow operating costs
 22

23 _____
 24 ¹⁹ Staff states that Tonto's proposed rates actually produce total proposed revenues of \$71,746, resulting in the difference
 of \$7,848 (i.e., \$71,746 - \$79,594).

²⁰ Staff Schedule BCA-1.

²¹ Id.

²² Staff Schedule BCA-2.

²³ Id.

²⁴ Staff Report at 4.

²⁵ Staff Schedule BCA-2.

²⁶ Id.

²⁷ The formula equals $1/8^{\text{th}}$ of the operating expenses less depreciation, taxes, purchased power and purchase water
 28 expenses.

1 needs to be met before collections are received.²⁸ Staff made upward adjustments from \$0 to \$186;
 2 to Purchased Power and Water; and from \$0 to \$4,585 to Operation and Maintenance Expense,
 3 resulting in a total cash working capital allowance of \$4,771.²⁹

4 30. Tonto did not object to Staff's recommended adjustments to OCRB.

5 31. Staff's adjustments to OCRB are reasonable and we find that Tonto's OCRB is
 6 \$62,757. Tonto did not request Reconstruction Cost New Rate Base, and therefore Tonto's fair value
 7 rate base ("FVRB") is equivalent to its OCRB or \$62,757.

8 **Operating Income**

9 32. Staff's adjustments to total operating revenue resulted in a net decrease of \$306, from
 10 \$34,594 to \$34,288. Staff's adjustment reflected Staff's calculation of metered water revenue using
 11 the billing determinants provided by Tonto.³⁰

12 33. Staff recommends a net increase of \$16,641 to TY operating expenses of \$34,562 to
 13 \$51,203.³¹ Staff's adjustments include:

- 14 a. Increasing Salaries and Wages Expense by \$12,600 from \$13,662 to \$26,262,
 15 to reflect the Company's proposed hiring of a part-time repair person to help
 16 maintain the water system.³²
- 17 b. Increasing Chemical Expense by \$65, from \$0 to \$65, to reflect the Company's
 18 actual chemical expense.
- 19 c. Increasing Rate Case Expense by \$437, from \$63 to \$500, to reflect a three
 20 year normalized period for rate case expense.
- 21 d. Increasing Depreciation Expense by \$2,403, from \$5,287 to \$7,690, to reflect
 22 Staff's recommended depreciation rates to Staff's recommended plant
 23 balances.
- 24 e. Increasing Property Tax Expense by \$286, from \$1,887 to \$2,173, to reflect
 25 the calculation of property taxes using Arizona Department of Revenue's
 26 ("ADOR") property tax method.³³

27 34. Tonto did not file disagreements with Staff's recommended adjustments to operating
 28 revenue or expenses.

24 ²⁸ See, Staff Report Docket No. W-03211A-08-0621.

25 ²⁹ Staff Schedule BCA-2.

26 ³⁰ Staff Schedule BCA-3.

27 ³¹ Id.

28 ³² According to Staff, the current owners are currently absorbing all cost of repairs and maintenance and are not taking reasonable compensation.

³³ According to Staff, Tonto is delinquent on its payments of property taxes for the years 2011 and 2012 for a total amount of \$4,439.30. Staff states the Company has made arrangements with the Gila County Treasurer to pay the delinquent taxes.

1 35. We find that Staff's adjustments to TY revenues and expenses are reasonable and
2 should be adopted. Further, we find that during the TY Tonto had an operating loss of \$16,915 on
3 total operating revenues of \$34,288, and adjusted TY expenses of \$51,203.

4 **Revenue Requirement**

5 36. Tonto requested revenues of \$79,594, operating expenses of \$34,561, which yields an
6 operating income of \$45,034, for a 82.85 percent rate of return on OCRB of \$54,358 or an operating
7 margin of 56.58 percent, resulting in a cash flow of \$50,321.³⁴

8 37. Staff recommends a revenue requirement of \$60,484, adjusted operating expenses of
9 \$52,855, resulting in an operating income of \$7,629, for a 12.16 percent rate of return on OCRB of
10 \$62,757 or operating margin of 12.61 percent, resulting in a cash flow of \$15,319.³⁵ Staff states that it
11 believes its recommended revenues will provide Tonto sufficient cash flow to pay operating expenses
12 and contingencies.³⁶

13 38. Staff also recommends that Tonto file a rate case within five (5) years of a Decision in
14 this matter.

15 39. Tonto did not file objections to Staff's revenue requirement. The Recommended
16 Order adopted Staff's recommended revenue requirement. Tonto filed exceptions to the
17 Recommended Order.

18 40. We find that monthly usage charge for the 5/8 x 3/4-inch and the 3/4-inch meters should
19 increase by \$2 over what Staff recommended. We find that Tonto has a revenue requirement of
20 \$64,723 and adjusted operating expenses of \$53,084. Applying a 18.55 percent rate of return on
21 OCRB of \$62,757, or an operating margin of 17.98 percent, results in an operating income of
22 \$11,639, and a cash flow of \$19,329.

23 **Rate Design**

24 41. Tonto did not request a change to its current three-tier commodity rate structure, but
25 proposed new breakover points for its commodity rates.³⁷ Tonto proposes the following breakover
26

27 ³⁴ Staff Schedule BCA-1.

³⁵ Id.

³⁶ Staff Report at 6.

28 ³⁷ Application at 9.

1 points: First Tier 0-2,000 gallons; Second Tier 2,001-8,000 gallons; and Third Tier over 8,000
2 gallons, with no flat rates included in the monthly minimum.³⁸

3 42. Tonto's proposed rates would increase the typical 5/8 x 3/4 inch meter residential bill,
4 with a median usage of 951 gallons from \$11 to \$22.60, for an increase of \$11.60 or 105 percent.³⁹

5 43. Staff concurs with Tonto's three-tier commodity rate structure, but recommends the
6 following breakover points: First Tier 0-2,000; Second Tier 2001 – 7,000; and Third Tier over 7,000.
7 Staff's recommended rates would increase the typical 5/8 x 3/4 inch meter residential bill, with a
8 median usage of 951 gallons from \$11 to \$18.85, for an increase of \$7.85 or 71.4 percent.⁴⁰

9 44. Tonto did not object to Staff's recommended rate design.

10 45. Tonto's application proposes an increase in Establishment Charges from \$25 to \$30;
11 Reconnection (delinquent) charges from \$25 to \$50; Late Payment Charge from 1.50 percent to \$5;
12 and Service Charge (after hours) of \$40 to \$60.⁴¹

13 46. Staff recommends the addition of a \$35 Service Charge (after hours) to be used for
14 any utility service provided after hours at the customers' request or for the customers' convenience.⁴²
15 Staff disagrees with Tonto's proposed Reconnection (delinquent) charge of \$50, and Staff
16 recommends a charge of \$25.⁴³ Staff concurs with the Company's proposed Late Fee charge of \$5.⁴⁴

17 47. Tonto's application proposes increasing its current Service Line and Meter Installation
18 charges. Tonto proposes that the Service Line and Meter Installation charges remain as one charge.
19 Tonto proposes an increase for total Service Line and Meter Installation charges for 5/8" x 3/4"
20 meters from \$375 to \$910; 3/4" meters from \$425 to \$1,010; 1" meters from \$500 to \$1,200; 1 1/2"
21 meters from \$675 to \$1,400; 2" Turbine meters from \$900 to \$1,875; 3" Turbine meters from \$1,300
22 to \$2,715; and 4" Turbine meters from \$1,800 to \$4,160.⁴⁵

23 48. Staff recommends that Tonto provide separate fees for Service Line and Meter
24

25 ³⁸ Id.

³⁹ Staff Schedule BCA-5.

⁴⁰ Staff Schedule BCA-5.

⁴¹ Application at 11.

⁴² Staff Report at 7.

⁴³ Id.

⁴⁴ Id.

⁴⁵ Application at 11.

1 Installation charges. Staff states that separate charges for the services are appropriate because in
2 some cases Tonto will be required to install meters on existing service lines and therefore customers
3 should only be charged for the meter installation.

4 49. Tonto did not file objections to Staff's recommended Service Line and Meter
5 Installation charges, but filed exceptions to the Recommended Order.

6 50. Staff's recommended rate structure and its recommendation that Tonto provide
7 separate Service Line and Meter Installation Charges is in line with other Class D utilities and we
8 find that Staff's proposed rate structure is reasonable and should be adopted. However, we find it
9 appropriate to increase Staff's recommended monthly usage charge to recover the additional revenues
10 approved herein. Under the rates approved herein, the typical 5/8 x 3/4-inch meter residential bill,
11 with a median usage of 951 gallons a month, will increase \$9.85 from \$11.00 to \$20.85 or 89.6
12 percent. Further, we find it appropriate to adopt the Company's proposed charges for Meter Re-Read
13 (if Correct) of \$15.00 and Service Charge (After Hours) of \$40.00. In addition, we will require Tonto
14 to file its next general rate case no later than June 30, 2017, using a TY ending December 31, 2016.

15 51. Staff states that Tonto is not current on its property taxes. According to Staff Report,
16 Tonto had made arrangements with the Gila County Treasurer to pay the delinquent property taxes.⁴⁶
17 As of the date of the Staff Report, Staff states the Company has submitted a tax clearance application
18 to the Arizona Department of Revenue ("ADOR") requesting a certification of compliance of good
19 standing, but that the Company has not received it. The Company has yet to provide documentation
20 showing that it is in compliance with sales tax payments. Therefore, it is unclear whether Tonto is
21 current on its sales tax payments. Accordingly, Tonto should file its certificate of compliance letter
22 of good standing, within ninety (90) days of this Decision, indicating it is current on its sales tax
23 payments.

24 52. Because an allowance for the property tax expense is included in the Company's rates
25 and will be collected from its customers, the Commission seeks assurances from the Company that
26 any taxes collected from ratepayers have been remitted to the appropriate taxing authority. It has
27

28 ⁴⁶ Staff Report at 4.

1 come to the Commission's attention that a number of water companies have been unwilling or unable
2 to fulfill their obligation to pay the taxes that were collected from ratepayers, some for as many as
3 twenty years. It is reasonable, therefore, that Tonto should annually file, as part of its annual report,
4 an affidavit with the Utilities Division attesting that the Company is in compliance with its
5 arrangements with the Gila County Treasurer to the delinquent property taxes and is paying its
6 current property taxes in Arizona.

7 **CONCLUSIONS OF LAW**

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

10 2. The Commission has jurisdiction over the Company and the subject matter of the
11 application.

12 3. Notice of the application was provided in accordance with the law.

13 4. The rates and charges authorized herein are just and reasonable and should be
14 approved without a hearing.

15 5. Staff's recommendations, as stated herein are reasonable and should be adopted except
16 as modified by the Commission.

17 **ORDER**

18 IT IS THEREFORE ORDERED Tonto Village Water Company, Inc., is hereby authorized
19 and directed to file with the Commission, as a compliance item in this docket, on or before March 31,
20 2014, a revised tariff setting forth the following rates and charges:

21 **MONTHLY USAGE CHARGE:**

22	5/8" x 3/4" Meter	\$18.00
	3/4" Meter	18.00
23	1" Meter	40.00
	1-1/2" Meter	80.00
24	2" Meter	128.00
	3" Meter	256.00
25	4" Meter	400.00
26	6" Meter	800.00

27
28 ...

COMMODITY CHARGES: (per 1,000 Gallons)

All Meter Sizes

First Tier – 0-2,000 gallons	\$3.00
Second Tier – 2,001 to 7,000 gallons	4.25
Third Tier – Over 7,000 gallons	5.60

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>
5/8" x 3/4" Meter	\$445	\$465	\$910
3/4" Meter	445	565	1,010
1" Meter	495	315	810
1-1/2" Meter	550	525	1,075
2" Turbine Meter	830	1,045	1,875
3" Turbine Meter	-	-	ICB
4" Turbine Meter	-	-	ICB
6" Turbine Meter	-	-	N/A

ICB = Individual Case Basis

SERVICE CHARGES:

Establishment	\$25.00
Reconnection (Delinquent)	25.00
Meter Test (If Correct)	25.00
Deposit	*
Deposit Interest Per Annum	*
Re-Establishment (Within 12 months)	**
NSF Check	\$25.00
Deferred Payment Per Month	1.50%
Meter Re-Read (If Correct)	\$15.00
Late Payment Charge	5.00
After Hours Service Charge	40.00

MONTHLY SERVICE CHARGE FOR FIRE SPRINKERS:

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

* Per Commission rule A.A.C. R-2-403(B)
 ** Number of months off system times the monthly minimum A.A.C.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.

1 IT IS FURTHER ORDERED that the rates and charges approved herein shall be effective for
2 all usage on or after April 1, 2014.

3 IT IS FURTHER ORDERED that in addition to collection of its regular rates and charges,
4 Tonto Village Water Company, Inc., may collect from its customers a proportionate share of any
5 privilege, sales, or use tax as provided for in A.A.C. R14-2-409.D.

6 IT IS FURTHER ORDERED that Tonto Village Water Company, Inc., shall notify its
7 customers of the revised schedules of rates and charges authorized herein by means of an insert, in a
8 form acceptable to Staff, included in its next regularly scheduled billing or as a separate mailing to be
9 completed no later than twenty (30) days after the effective date of this Decision.

10 IT IS FURTHER ORDERED that Tonto Village Water Company, Inc., shall use the
11 depreciation rates delineated in Table B of the Engineering Report attached hereto as Exhibit A and
12 incorporated herein.

13 IT IS FURTHER ORDERED that Tonto Village Water Company, Inc., shall file its next
14 general rate case no later than June 30, 2017, using a test year ending December 31, 2016.

15 IT IS FURTHER ORDERED that Tonto Village Water Company, Inc., shall continue to
16 coordinate the readings of its well meters and individual customer meters on a monthly basis and
17 report the results in its Commission Annual Reports on a going forward basis. Further, in the event
18 Tonto Village Water Company, Inc.'s water loss reported in any Annual Report is greater than 10
19 percent, that it shall prepare a report containing a detailed analysis and plan to reduce the water loss
20 to less than 10 percent. If Tonto Village Water Company, Inc. believes it is not cost effective to
21 reduce the water loss to less than 10 percent, it should submit a detailed cost benefit analysis to
22 support its opinion. In no case shall Tonto Village Water Company, Inc. allow water loss to be
23 greater than 15 percent. The water loss reduction report or the detailed analysis, whichever is
24 submitted shall be docketed as a compliance item no later than March 31st of the year following the
25 excessive water loss.

26 IT IS FURTHER ORDERED that Tonto Village Water Company, Inc., shall file annually,
27 with the Commission's Utilities Division, as part of its Annual Report, an affidavit attesting that it is
28 in compliance with the arrangements made with the Gila County Treasurer's office to pay its

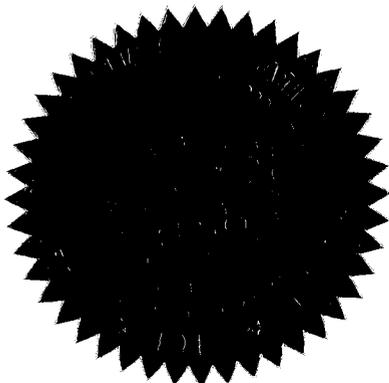
1 delinquent property taxes and that it is current in paying its property taxes.

2 IT IS FURTHER ORDERED that Tonto Village Water Company, Inc., shall file its certificate
3 of compliance letter of good standing, within ninety (90) days of this Decision, indicating it is current
4 on its sales tax payments in Arizona.

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

6 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

7
8
9  CHAIRMAN  COMMISSIONER
10  COMMISSIONER  COMMISSIONER  COMMISSIONER
11



12
13 IN WITNESS WHEREOF, I, JODI JERICH, Executive
14 Director of the Arizona Corporation Commission, have
15 hereunto set my hand and caused the official seal of the
16 Commission to be affixed at the Capitol, in the City of Phoenix,
17 this 19th day of March 2014.

18 
19 JODI JERICH
20 EXECUTIVE DIRECTOR

21 DISSENT _____

22 DISSENT _____
YK:tv

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1 SERVICE LIST FOR: TONTO VILLAGE WATER COMPANY, INC.

2 DOCKET NO.: W-01580A-13-0255

3 Ronald Standage
4 P.O. Box 9116
5 Mesa, Arizona 85214

6 Jeff and Dianne Daniels
7 Tonto Village Water Company, Inc.
8 173 S. Blackfoot Road
9 Payson, Arizona 85541

10 Janice Alward, Chief Counsel
11 Legal Division
12 ARIZONA CORPORATION COMMISSION
13 1200 W. Washington Street
14 Phoenix, Arizona 85007

15 Steven Olea, Director
16 Utilities Division
17 ARIZONA CORPORATION COMMISSION
18 1200 W. Washington Street
19 Phoenix, Arizona 85007

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