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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission
DOCKETED

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COMMISSIONERS

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

IN THE MATTER OF THE APPLICATION OF
LAGOON ESTATES WATER COMPANY, INC.
FOR APPROVAL OF A RATE INCREASE.

DOCKET NO. W-01825A-13-0329

DECISION NO. 74441

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 Commission finds, concludes, and orders that:

FINDINGS OF FACT

Procedural History

1. On September 24, 2013, Lagoon Estates Water Company, Inc. ("Lagoon Estates" or "Company") filed an application with the Arizona Corporation Commission ("Commission") for a permanent rate increase. In its application, the Company stated that it mailed notice to each of its customers contemporaneously with filing its application. No customers filed comments in response to the notice.

2. On October 23, 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 24 and November 4, 2013.

3. On November 22, 2013, Staff filed a Letter of Sufficiency stating that the application was sufficient and classifying Lagoon Estates as a Class D utility.

1 4. On February 5, 2014, Staff filed a Request for Extension of Time to File Staff Report.

2 5. On February 6, 2014, a Procedural Order was issued granting Staff's request to file its
3 Staff Report on February 10, 2014.

4 6. On February 10, 2014, Staff filed its Staff Report recommending approval of Staff's
5 recommended rates and charges. The Company did not file comments or objections to the Staff
6 Report.

7 **Background**

8 7. Lagoon Estates is a public service corporation providing water service to
9 approximately 365 customers in a service area near the Colorado River, approximately 20 miles south
10 of Bullhead City, in Mohave County, Arizona. The Commission approved the Company's present
11 rates and charges in Decision No. 71870 (September 1, 2010).

12 8. Lagoon Estates is an S corporation owned equally by the Charles B. Sherrill Senior
13 Trust and the Sherrill Family Trust.

14 9. Lagoon Estates consists of two independent water systems. The larger water system,
15 Public Water System ("PWS") No. 08-021, has two wells, two pressure tanks, and a distribution
16 system serving approximately 323 connections. During the test year ending December 31, 2012, the
17 Company reported 26,306,000 gallons of water pumped and 25,130,000 gallons of water sold,
18 resulting in a water loss of 4.5 percent.

19 10. The smaller water system, PWS No. 08-046, has two wells, one pressure tank, and a
20 distribution system serving 37 connections. During the test year, the Company reported 2,613,000
21 gallons of water pumped and 2,512,000 gallons of water sold, resulting in a water loss of 3.9 percent.

22 11. During the test year, the average and median water use by customers in both water
23 systems combined were 5,560 gallons and 4,124 gallons, respectively.

24 12. Staff's Consumer Services Section database for the period beginning January 1, 2011
25 to January 31, 2014, shows one complaint filed against the Company related to billing.

26 13. Staff's Compliance Section database shows no outstanding compliance issues for the
27 Company.

28 14. The Company is in good standing with the Commission's Corporations Division.

1 15. According to a Department of Environmental Quality (“ADEQ”) Compliance Status
 2 Report dated July 11, 2013, Lagoon Estates has no major deficiencies on either system, and both
 3 systems are currently delivering water that meets the water quality standards required by 40 C.F.R.
 4 §§ 141.1, *et seq.* (National Primary Drinking Water Regulations) and A.A.C., Title 18, Chapter 4.

5 16. Lagoon Estates is not within an Arizona Department of Water Resources (“ADWR”) active management area (“AMA”). In a Compliance Status Report dated October 3, 2013, ADWR
 6 determined that Lagoon Estates is currently in compliance with departmental requirements governing
 7 water providers and/or community water systems.

9 17. Lagoon Estates has Commission-approved Backflow and Curtailment tariffs.

10 18. Lagoon Estates is current on its property and sales tax payments.

11 **Ratemaking**

12 19. The Company’s present rates and charges, as proposed by Lagoon Estates in its
 13 application, and as recommended by Staff in its Staff Report, are as follows:

14 **MONTHLY USAGE CHARGE:**

	<u>Current Rates</u>	<u>Company Proposed</u>	<u>Staff Recommended</u>
15 5/8” x 3/4” Meter	\$15.00	\$18.00	\$16.00
16 3/4” Meter	22.50	23.50	16.00
17 1” Meter	37.50	39.00	40.00
18 1-1/2” Meter	75.00	80.00	80.00
19 2” Meter	120.00	125.00	128.00
20 3” Meter	240.00	245.00	256.00
21 4” Meter	375.00	380.00	400.00
22 6” Meter	750.00	750.00	\$800.00
23 8” Meter	\$1,200.00	\$1,200.00	\$1,200.00
24 Gallons in Minimum	0	0	0

22 **COMMODITY CHARGES** (per 1,000 Gallons)

23 5/8 x 3/4-Inch Meter

24 First Tier – 0-3,000 gallons	\$2.15	\$2.30	\$2.50
25 Second Tier – 3,001 to 10,000 gallons	3.30	3.50	3.60
26 Third Tier – Over 10,000 gallons	3.90	3.90	4.43

26 3/4-Inch Meter

27 First Tier – 0-3,000 gallons	N/A	N/A	\$2.50
28 Second Tier – 3,001 to 10,000 gallons	N/A	N/A	3.60
Third Tier – Over 10,000 gallons	N/A	N/A	4.43

1	<u>1" Meter (All Cases)</u>			
2	First 20,000 gallons	\$3.30	\$3.50	\$3.60
3	Over 20,000 gallons	3.90	3.90	4.43
4	<u>1 1/2" Meter (All Cases)</u>			
5	First 50,000 gallons	\$3.30	\$3.50	\$3.60
6	Over 50,000 gallons	3.90	3.90	4.43
7	<u>2" Meter (All Cases)</u>			
8	First 80,000 gallons	\$3.30	\$3.90	\$3.60
9	Over 80,000 gallons	3.90	3.90	4.43
10	<u>3" Meter (All Cases)</u>			
11	First 150,000 gallons	\$3.30	\$3.90	\$3.60
12	Over 150,000 gallons	3.90	3.90	4.43
13	<u>4" Meter (All Cases)</u>			
14	First 300,000 gallons	\$3.30	\$3.90	\$3.60
15	Over 300,000 gallons	3.90	3.90	4.43
16	<u>6" Meter (All Cases)</u>			
17	First 500,000 gallons	\$3.30	\$3.90	\$3.60
18	Over 500,000 gallons	3.90	3.90	4.43
19	<u>8" Meter (All Cases)</u>			
20	First 600,000 gallons	\$3.30	\$3.90	\$3.60
21	Over 600,000 gallons	3.90	3.90	4.43
22	<u>Standpipe, Bulk Water</u>			
23	Per 1,000 gallons	\$3.90	\$3.90	\$4.43

SERVICE LINE AND METER INSTALLATION CHARGES:

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

	<u>Present</u>	<u>Company Proposed</u>			<u>Staff Recommended</u>			
		Total Charge	Service Line Charge	Meter Charge	Total Charge	Service Line Charge	Meter Charge	Total Charge
23	5/8" x 3/4"	\$520	\$415	\$125	\$540	\$415	\$125	\$540
24	3/4"	620	415	225	640	415	225	640
25	1"	730	465	285	750	465	285	750
26	1-1/2"	995	520	495	1,015	520	495	1,015
27	2" Turbo	1,795	800	995	1,795	800	995	1,795
28	2" Compound	2,640	800	1,860	2,660	800	1,860	2,660
	3" Turbo	2,635	1,015	1,640	2,655	1,105	1,640	2,745
	3" Compound	3,630	1,135	2,515	3,650	1,135	2,515	3,650
	4" Turbo	4,000	1,430	2,590	4,020	1,430	2,590	4,020

1	4" Compound	5,155	1,610	3,565	5,175	1,610	3,565	5,175
	6" Turbo	7,075	2,150	4,945	7,095	2,150	4,945	7,095
2	6" Compound	9,090	2,270	6,840	9,110	2,270	6,840	9,110
	8" Turbo	10,135	3,080	7,075	10,155	3,080	7,075	10,155
3	8" Compound	15,785	3,200	12,605	15,805	3,200	12,605	15,805

4		<u>Present</u>	<u>Company</u>	<u>Staff</u>
5	SERVICE CHARGES:	Rates	Proposed	Recommended
5	Establishment	\$30.00	\$35.00	\$35.00
6	Establishment (After Hours)	40.00	40.00	N/A
	Re-Establishment (Within 12 months)	**	**	**
7	Reconnection (Delinquent)	\$30.00	\$35.00	\$30.00
	Meter Test (If Correct)	30.00	30.00	30.00
8	Deposit	*	*	*
	Deposit Interest	*	*	*
9	Non-Sufficient Fund ("NSF") Check	\$25.00	\$25.00	\$25.00
10	Deferred Payment Per Month	***	***	***
	Late Payment Per Month	\$5.00	\$5.00	\$5.00
11	Meter Re-read (if correct)	23.00	25.00	25.00
	After Hours Service Charge	N/A	N/A	30.00
12	Fire Sprinkler (All Meter Sizes)	****	****	****

- 13 * Per Commission rule A.A.C. R-2-403(B).
- 14 ** Number of months off system times the monthly minimum per A.A.C. R14-2-403(D).
- 15 *** Per Commission Rule A.A.C. R14-2-409(G).
- 16 **** 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.

17 20. Lagoon Estates proposed an original cost rate base ("OCRB") of \$58,106 and has
 18 waived the right to reconstruction cost new rate base.

19 21. Staff determined the Company's OCRB to be \$81,767, due to Staff's positive \$17,107
 20 adjustment to working capital and \$6,554 decrease to accumulated depreciation. Staff also made an
 21 adjustment to reclassify plant in service; however, this adjustment was offsetting and did not result in
 22 a net change to the Company's OCRB.

23 22. We find Staff's adjustments to the Company's OCRB are reasonable and appropriate,
 24 and we will adopt them. We further find that the Company's fair value rate base ("FVRB") is
 25 equivalent to its OCRB and is \$81,767.

26 23. Staff made several adjustments to the Company's proposed test year operating
 27 revenues, resulting in an increase of \$6,485, from \$175,808 to \$182,293. The increase to the

28

1 Company's test year operating revenues is due to Staff's adjustments to the amounts of metered water
2 revenue and other water revenue. We find that Staff's adjustments to the Company's test year
3 operating revenues are reasonable and appropriate, and we adopt Staff's adjusted test year revenue
4 figure of \$182,293.

5 24. Staff also made several adjustments to the Company's proposed operating expenses,
6 resulting in a decrease of \$4,847, from \$176,804 to \$171,957. The decrease to the Company's
7 operating expenses is due to Staff's adjustments to salaries and wages expense, purchased power
8 expense, repairs and maintenance expense, outside services expense, water testing expense, rent
9 expense, depreciation expense, miscellaneous expense, property tax expense, income tax expense,
10 and taxes other than income expense. We find that Staff's adjustments to the Company's proposed
11 operating expenses are reasonable and appropriate, and we adopt Staff's adjusted expense figure of
12 \$171,957.

13 25. Based on Staff's analysis, the Company's present rates and charges produced adjusted
14 operating revenues of \$182,293 and adjusted test year operating expenses of \$168,974, resulting in
15 test year operating income of \$13,319 and a rate of return of 16.29 percent on the Company's FVRB
16 of \$81,767.

17 26. The Company's application requested a revenue increase of \$20,000 over its proposed
18 test year revenues, from \$175,808 to \$195,808, or 11.38 percent.¹ Lagoon Estates proposes operating
19 expenses of \$176,804, resulting in an operating income of \$19,004 and a rate of return of 23.24
20 percent on the Company's FVRB of \$81,767.

21 27. Staff's recommended rates and charges result in a \$13,819 increase over adjusted test
22 year revenues, or 7.58 percent, for total revenues of \$196,112. Using the adjusted operating expense
23 figure of \$171,957 adopted herein, this would result in operating income of \$24,155; a rate of return
24 of 29.54 percent; and an operating margin of 12.32 percent.

25 28. The Company's proposed rates would increase the average water bill for residential
26 5/8 x 3/4-inch customers by \$3.96, or 13.25 percent, from \$29.90 to \$33.86, and increase the monthly
27

28 ¹ According to Staff, the Company's proposed rates would actually produce total revenues of \$184,136.

1 water bill for the same customers with median usage by \$3.67, or 14.61 percent, from \$25.16 to
2 \$28.83.

3 29. Staff's recommended rates would increase the average water bill for residential 5/8 x
4 3/4-inch customers by \$2.82, or 9.43 percent, from \$29.90 to \$32.72, and increase the monthly water
5 bill for the same customers with median usage by \$2.39, or 9.49 percent, from \$25.16 to \$27.55.

6 30. Staff states that its recommended increase in revenues will provide the Company with
7 adequate cash flow to meet its normal operating expenses, maintain its aging water system, and fund
8 contingencies. The Company did not object to Staff's recommended revenues, rates, or charges.

9 31. We note that Staff's recommended monthly usage charges increase or remain the same
10 for customers of all meter sizes except for 3/4-inch. For 3/4-inch customers, Staff recommended a
11 \$16.00 monthly usage charge, which is a \$6.50 decrease from the current charge of \$22.50.² Staff
12 did not explain why it recommended a decrease in the 3/4-inch monthly usage charge. In light of the
13 recommended increase for other meter sizes, we do not believe it is appropriate to decrease the
14 monthly usage charge for 3/4-inch customers. Accordingly, we find that a monthly usage charge of
15 \$23.00 for 3/4-inch customers is just and reasonable and should be adopted.

16 32. We find that Staff's recommended revenues, rates, and charges, as modified herein,
17 are just and reasonable and should be adopted.

18 **Water Production and Storage Capacity at PWS No. 08-046**

19 33. Based on Staff's engineering analysis, PWS No. 08-046 has a total production
20 capacity of 300 gallons per minute ("gpm") when both Well No. 1 and Well No. 2 are operating.
21 However, Staff indicates that the actual production capacity of PWS No. 08-046 is only 150 gpm
22 because Well No. 1 is not currently in use. Staff notes that PWS No. 08-046 does not have water
23 storage.

24 34. Staff states that Well No. 1 is not currently in operation because it has arsenic
25 concentrations that exceed the maximum containment level ("MCL") of 10 parts per billion ("ppb").³

26 _____
27 ² The Company proposed a \$23.50 monthly usage charge for 3/4-inch customers, which is a \$1.00 increase from the
current charge of \$22.50.

28 ³ Staff states that the most recent sample for Well No. 1, taken September 24, 2013, revealed an arsenic concentration of
11 ppb.

1 Staff explains that Well No. 1 has historically experienced high levels of arsenic which generally
2 exceed the MCL, and that Well No. 1 is only used when the arsenic levels fall below the MCL. Staff
3 notes that the Company does not have a blending system or treatment system in place for the
4 reduction or removal of arsenic at Well No. 1.

5 35. According to Staff, PWS No. 08-046 does not have adequate storage capacity during
6 the peak periods to serve the present customer base and any reasonable customer growth. Pursuant to
7 A.A.C. R18-5-503(A), the minimum storage capacity for a community water system or a non-
8 community water system that serves a residential population or a school shall be equal to the average
9 daily demand during the peak month of the year. Since the average daily demand during the
10 Company's peak month of October was 12,129 gallons per day ("gpd"), Staff recommends that the
11 Company install a storage tank with a minimum of 15,000 gallons of storage at PWS No. 08-046.

12 36. Staff states that the Company has installed a sand separator to reduce sand infiltration
13 at Well No. 2. During Staff's inspection, the Company indicated that the source of the sand
14 infiltration might be from an obstruction located below the submersible well pump. Staff states that a
15 video of the well is to be scheduled in order to determine the nature of the obstruction and if there is
16 any damage to the well casing.

17 37. Staff believes there is a possibility that the production capacity of Well No. 2 could be
18 compromised if any damage to the well casing has occurred. If Well No. 2 were to stop producing
19 water, Staff states that PWS No. 08-046 would be unable to provide service to existing customers.
20 As a result, Staff recommends that Lagoon Estates file a plan for PWS No. 08-046 that provides
21 specific details on how the Company would address the loss of water production and service to
22 existing customers in the event that Well No. 2 fails. Staff notes, as one possible option, that Well
23 No. 1 could be brought back into service by reducing its arsenic levels below the MCL.

24 **Staff's Recommendations**

25 38. Staff recommends the following:

- 26 a) That Staff's recommended rates and charges be approved;
- 27 b) That Lagoon Estates file with Docket Control, as a compliance item in this
- 28 docket, within 30 days of the effective date of this Decision, a schedule of the

1 approved rates and charges;

2 c) That Lagoon Estates be ordered to use the depreciation rates delineated in
3 Table C of the Engineering Report portion of the Staff Report in this matter;

4 d) That Lagoon Estates install a storage tank with a minimum of 15,000 gallons
5 of storage at PWS No. 08-046;

6 e) That Lagoon Estates file with Docket Control, no later than May 31, 2016, as a
7 compliance item in this docket, a copy of the ADEQ Approval of Construction
8 for the storage tank installation;

9 f) That Lagoon Estates file with Docket Control, no later than December 31,
10 2015, as a compliance item in this docket, a copy of a plan for PWS No. 08-
11 046 that provides specific details on how the Company would address the loss
12 of water production and service to existing customers in the event that Well
13 No. 2 were to fail; and

14 g) That Lagoon Estates file with Docket Control, within 90 days of the effective
15 date of this Decision, as a compliance item in this docket, at least three Best
16 Management Practices ("BMP") in the form of tariffs that substantially
17 conform to the templates available on the Commission's website, for the
18 Commission's review and consideration. Staff further recommends that a
19 maximum of two BMPs may come from the "Public Awareness/Public
20 Relations" or "Education and Training" categories. In its next general rate
21 application, Lagoon Estates may request recovery of the actual costs incurred
22 by BMP implementation.

23 **Resolution**

24 39. 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 Lagoon Estates that
26 any taxes collected from ratepayers have been remitted to the appropriate taxing authority. It has
27 come to the Commission's attention that a number of water companies have been unwilling or unable
28 to fulfill their obligation to pay the taxes that were collected from its ratepayers, some for as many as

1 twenty years. It is reasonable, therefore, that as a preventive measure Lagoon Estates shall file
2 annually, as part of its annual report, an affidavit with the Commission's Utilities Division attesting
3 that the Company is current in paying its Arizona property taxes.

4 40. Staff's recommendations set forth in Findings of Fact No. 38, as modified herein, as
5 well as the requirement stated in Findings of Fact No. 39, are reasonable and shall be adopted.

6 41. On April 1, 2014, Lagoon Estates selected and docketed three proposed BMPs which
7 include the Public Education Program, 3.6 (Customer High Water Use Inquiry), and 5.2 (Water
8 System Tampering).

9 42. Staff concludes that the Company's proposed BMP Tariffs are relevant to the
10 Company's service area and that the proposed BMP Tariffs conform to the templates developed by
11 Staff. Staff recommends approval of the three BMP Tariffs docketed by the Company on April 1,
12 2014.

13 **CONCLUSIONS OF LAW**

14 1. Lagoon Estates Water Company, Inc. is a public service corporation within the
15 meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-250, 40-251, 40-321, and 40-
16 331.

17 2. The Commission has jurisdiction over Lagoon Estates Water Company, Inc. and the
18 subject matter of the application.

19 3. Lagoon Estates Water Company, Inc. provided notice of the application in accordance
20 with Arizona law.

21 4. Lagoon Estates Water Company, Inc.'s fair value rate base is \$81,767.

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

24 6. Staff's recommendations set forth in Findings of Fact No. 38, as modified herein, as
25 well as the requirement stated in Findings of Fact No. 39, are just and reasonable and in the public
26 interest.

27 **ORDER**

28 IT IS THEREFORE ORDERED that Lagoon Estates Water Company, Inc. is hereby directed

1 to file with Docket Control, as a compliance item in this docket, on or before April 31, 2014, revised
2 rate schedules setting forth the following rates and charges:

3 **MONTHLY USAGE CHARGE:**

4	5/8" x 3/4" Meter	\$16.00
	3/4" Meter	23.00
5	1" Meter	40.00
	1-1/2" Meter	80.00
6	2" Meter	128.00
	3" Meter	256.00
7	4" Meter	400.00
	6" Meter	\$800.00
8	8" Meter	\$1,200.00

9 **COMMODITY CHARGES** (per 1,000 Gallons)

10	<u>5/8 x 3/4-Inch Meter</u>	
11	First Tier – 0-3,000 gallons	\$2.50
12	Second Tier – 3,001 to 10,000 gallons	3.60
	Third Tier – Over 10,000 gallons	4.43

13	<u>3/4-Inch Meter</u>	
14	First Tier – 0-3,000 gallons	\$2.50
15	Second Tier – 3,001 to 10,000 gallons	3.60
	Third Tier – Over 10,000 gallons	4.43

16	<u>1" Meter (All Cases)</u>	
17	First 20,000 gallons	\$3.60
18	Over 20,000 gallons	4.43

19	<u>1 1/2" Meter (All Cases)</u>	
20	First 50,000 gallons	\$3.60
	Over 50,000 gallons	4.43

21	<u>2" Meter (All Cases)</u>	
22	First 80,000 gallons	\$3.60
	Over 80,000 gallons	4.43

23	<u>3" Meter (All Cases)</u>	
24	First 150,000 gallons	\$3.60
	Over 150,000 gallons	4.43

25	<u>4" Meter (All Cases)</u>	
26	First 300,000 gallons	\$3.60
27	Over 300,000 gallons	4.43

28

1	<u>6" Meter (All Cases)</u>	
	First 500,000 gallons	\$3.60
2	Over 500,000 gallons	4.43
3	<u>8" Meter (All Cases)</u>	
	First 600,000 gallons	\$3.60
4	Over 600,000 gallons	4.43
5	<u>Standpipe, Bulk Water</u>	
6	Per 1,000 gallons	\$4.43

7 **SERVICE LINE AND METER INSTALLATION CHARGES:**
 8 (Refundable Pursuant to A.A.C. R-14-12-405)

9		Service	Meter	Total
10		<u>Charge</u>	<u>Charge</u>	<u>Charge</u>
11	5/8" x 3/4"	\$415	\$125	\$540
12	3/4"	415	225	640
13	1"	465	285	750
14	1-1/2"	520	495	1,015
15	2" Turbo	800	995	1,795
16	2" Compound	800	1,860	2,660
17	3" Turbo	1,105	1,640	2,745
18	3" Compound	1,135	2,515	3,650
19	4" Turbo	1,430	2,590	4,020
20	4" Compound	1,610	3,565	5,175
21	6" Turbo	2,150	4,945	7,095
22	6" Compound	2,270	6,840	9,110
23	8" Turbo	3,080	7,075	10,155
24	8" Compound	3,200	12,605	15,805

19 **SERVICE CHARGES:**

20	Establishment	\$35.00
21	Re-Establishment (Within 12 months)	**
22	Reconnection (Delinquent)	\$30.00
23	Meter Test (If Correct)	30.00
24	Deposit	*
25	Deposit Interest	*
26	Non-Sufficient Fund ("NSF") Check	\$25.00
27	Deferred Payment Per Month	***
28	Late Payment Per Month	\$5.00
29	Meter Re-read (if correct)	25.00
30	After Hours Service Charge	30.00
31	Fire Sprinkler (All Meter Sizes)	****

32 * Per Commission rule A.A.C. R-2-403(B).

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

34 *** Per Commission Rule A.A.C. R14-2-409(G).

1 **** 2.00% of monthly minimum for a comparable size meter connection, but no less than
2 \$10.00 per month. The service charge for fire sprinklers is only applicable for service
3 lines separate and distinct from the primary water service line.

4 IT IS FURTHER ORDERED that the above rates and charges shall be effective for all service
5 provided on or after May 1, 2014.

6 IT IS FURTHER ORDERED that Lagoon Estates Water Company, Inc. shall notify its
7 customers of the authorized rates and charges and their effective date, in a form acceptable to the
8 Commission's Utilities Division Staff, by means of an insert in its next regularly scheduled billing.

9 IT IS FURTHER ORDERED that Lagoon Estates Water Company, Inc. shall use the
10 depreciation rates delineated in Table C of the Engineering Report portion of the Staff Report in this
11 matter.

12 IT IS FURTHER ORDERED that Lagoon Estates Water Company, Inc. shall install a storage
13 tank with a minimum of 15,000 gallons of storage at Public Water System No. 08-046.

14 IT IS FURTHER ORDERED that Lagoon Estates Water Company, Inc. shall file with Docket
15 Control, no later than May 31, 2016, as a compliance item in this docket, a copy of the Approval of
16 Construction from the Arizona Department of Environmental Quality for the storage tank installation.

17 IT IS FURTHER ORDERED that Lagoon Estates shall file with Docket Control, no later than
18 December 31, 2015, as a compliance item in this docket, a copy of a plan for water system Public
19 Water System No. 08-046, as described herein.

20 IT IS FURTHER ORDERED that the Best Management Practices Tariffs filed by Lagoon
21 Estates Water Company, Inc. on April 1, 2014, are hereby approved.

22 IT IS FURTHER ORDERED that Lagoon Estates Water Company, Inc. shall notify its
23 customers, in a form acceptable to the Commission's Utilities Division, of the Best Management
24 Practices Tariffs authorized herein and their effective date by means of either an insert in the next
25 regularly scheduled billing or by a separate mailing, and shall provide copies of the Best
26 Management Practices Tariffs to any customer upon request.

27 IT IS FURTHER ORDERED that the Commission's Utilities Division shall file a letter with
28 Docket Control confirming that Lagoon Estates Water Company, Inc.'s tariffs have been updated
with the tariffs approved herein.

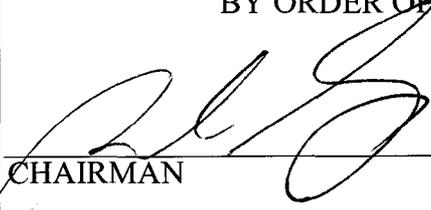
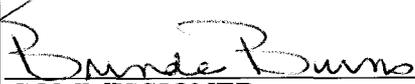
1 IT IS FURTHER ORDERED that the Best Management Practices Tariffs approved herein
2 shall go into effect 30 days after the date that notice is provided to customers.

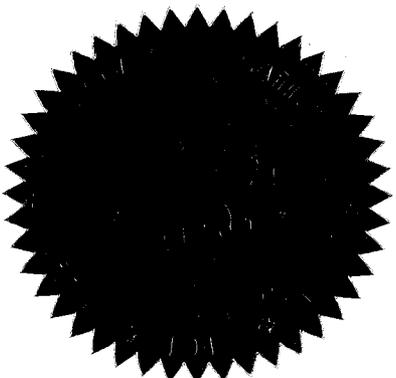
3 IT IS FURTHER ORDERED that Lagoon Estates Water Company, Inc. may defer the direct
4 costs of implementing its Best Management Practices for consideration of recovery in a future rate
5 proceeding.

6 IT IS FURTHER ORDERED that Lagoon Estates Water Company, Inc. shall file annually, as
7 part of its Annual Report, an affidavit with the Commission's Utilities Division attesting that it is
8 current in paying its property taxes in Arizona.

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

10 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

11
12
13  CHAIRMAN  COMMISSIONER
14  COMMISSIONER  COMMISSIONER COMMISSIONER



17 IN WITNESS WHEREOF, I, JODI JERICH, Executive
18 Director of the Arizona Corporation Commission, have
19 hereunto set my hand and caused the official seal of the
20 Commission to be affixed at the Capitol, in the City of Phoenix,
21 this 18th day of April 2014.

22 
23 JODI JERICH
24 EXECUTIVE DIRECTOR

25 DISSENT _____

26 DISSENT _____
27 SH:ru
28

1 SERVICE LIST FOR: LAGOON ESTATES WATER COMPANY

2 DOCKET NO.: W-01825A-13-0329

3 Terry Gemar
LAGOON ESTATES WATER COMPANY, INC.
4 2600 North 44th Street, Suite 203
Phoenix, AZ 85008

5
6 Janice Alward, Chief Counsel
Janet Wagner, Assistant Chief Counsel
Legal Division
7 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
8 Phoenix, AZ 85007

9 Steven Olea, Director
Utilities Division
10 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
11 Phoenix, AZ 85007

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