



0000153369

BEFORE THE ARIZONA CORPORATION

COMMISSIONERS

BOB STUMP, CHAIRMAN
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

RECEIVED

2014 MAY 13 P 4: 03

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

MAY 13 2014

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF
PAYSON WATER CO., INC. AN ARIZONA
CORPORATION, FOR A DETERMINATION OF
THE FAIR VALUE OF ITS UTILITY PLANT AND
PROPERTY AND FOR INCREASES IN ITS
WATER RATES AND CHARGES FOR UTILITY
SERVICE BASED THEREON.

DOCKET NO. W-03514A-13-0111

ORIGINAL

IN THE MATTER OF THE APPLICATION OF
PAYSON WATER CO., INC. FOR AUTHORITY
TO ISSUE EVIDENCE OF INDEBTEDNESS IN
AN AMOUNT NOT TO EXCEED \$1,238,000 IN
CONNECTION WITH INFRASTRUCTURE
IMPROVEMENTS TO THE UTILITY SYSTEM;
AND ENCUMBER REAL PROPERTY AND
PLANT AS SECURITY FOR SUCH
INDEBTEDNESS.

DOCKET NO. W-03514A-13-0142

STAFF'S NOTICE OF ERRATA

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") hereby files a notice of errata. During the hearing, Staff introduced Exhibit S-18, which was a corrected Water Augmentation Tariff for East Verde Park Estates and a corrected Purchased Water Surcharge example for Mesa Del Caballo ("PWAM Example"). Staff has discovered that on the PWAM Example, in example 2, columns (E), (F) and (G) were incorrect. Attached is the PWAM Example with the corrected numbers in those columns.

RESPECTFULLY SUBMITTED this 13th day of May, 2014.

Robin R. Mitchell, Staff Attorney
Brian E. Smith, Staff Attorney
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

1 Original and thirteen (13) copies of the
2 foregoing filed this 13th day of May,
2014 with:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington Street
6 Phoenix, Arizona 85007

6 Copy of the foregoing emailed
7 this 13th day of May, 2014 to:

7 Jay Shapiro
8 FENNEMORE CRAIG, P.C.
9 2394 E. Camelback Road, Suite 600
10 Phoenix, AZ 85016
11 jshapiro@fclaw.com
12 Attorneys for Payson Water Co., Inc.

11 Kathleen M. Reidhead
12 14406 S. Cholla Canyon Dr.
13 Phoenix, AZ 85044
14 kathiereidhead@gmail.com

13 Thomas Bremer
14 6717 E. Turquoise Ave.
15 Scottsdale, AZ 85253
16 tcbremer@netzero.net

16 Bill Sheppard
17 6250 N. Central Ave.
18 Phoenix, AZ 85012
19 shep5965@aol.com

18 J. Stephen Gehring
19 Richard M. Burt
20 8157 W. Deadeye Rd.
21 Payson, AZ 85541
22 stonemason9859@yahoo.com

21 Glynn Ross
22 405 S. Ponderosa
23 Payson, Arizona 85541
24 glvr4@aol.com

24 Suzanne Nee
25 2051 E. Aspen Dr.
26 Tempe, AZ 85282
27 suzannenee.16@gmail.com

27 
28

Examples assume that 25% of total water purchased from the Town of Payson

Example 1 - Median Usage Customer

This example illustrates how the surcharge would be calculated for a customer using 4,500 gallons; 75% (or 3,375) from Payson Water Company and 25% (or 1,125) from the Town of Payson.

[A]	[B]	[C]	[D]	[E]	[F]	[G]	
Total Usage Assumption	% of Gallons	Gallons In '000's	Town of Payson	Avoided Costs (See page 2 for Calculation)	Difference in Rate per 1,000 gal	Surcharge	
Block 1	4,000	x	25% =	1.000	\$7.48	\$ 0.60	\$ 6.88
Block 2	500	x	25% =	0.125	\$7.48	\$ 0.60	\$ 6.88
Total Usage Assumption	4,500			1.125			0.86
							Total Monthly Surcharge \$ 7.74 *

*Excludes Taxes

Example 2 - High Usage Customer

This example illustrates how the surcharge would be calculated for a customer using 25,000 gallons; 75% (or 18,750) from Payson Water Company and 25% (or 6,250) from the Town of Payson.

[A]	[B]	[C]	[D]	[E]	[F]	[G]	
Total Usage Assumption	% of Gallons	Gallons In '000's	Town of Payson	Avoided Costs (See page 2 for Calculation)	Difference in Rate per 1,000 gal	Surcharge	
Block 1	4,000	x	25% =	1.000	\$7.48	\$ 0.60	\$ 6.88
Block 2	21,000	x	25% =	5.250	\$7.48	\$ 0.60	\$ 6.88
Total Usage Assumption	25,000			6.250			36.13
							Total Monthly Surcharge \$ 43.01 *

*Excludes Taxes

Calculation of Avoided Costs

Calculation of Avoided Costs			
Current Cost	Divided by	Total Gallons Sold Per 1,000 From Sch E-7	Cost Per 1,000 Gallons
Purchased Power for Wells (See Note Below)			
\$ 28,241	/	51,230	\$ 0.55
Depreciation Expense on Wells	/	51,230	\$ -
Chemicals	/	51,230	\$ 0.05
Water Testing	/	51,230	\$ -
			<u>\$ 0.60</u>

Note: The \$28,241 was calculated by taking the Company's actual test year purchased pumping power expense of \$56,482 and dividing that number by 2. The purchased pumping power expense was divided by 2 to reflect that approximately half of the purchased pumping power was incurred for pumping water out of the wells and the other half of the purchased pumping power was incurred to transport the water from the storage tanks to the customers.