



0000157573

BEFORE THE ARIZONA CORPORATION

Arizona Corporation Commission

COMMISSIONERS

DOCKETED

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

OCT 24 2014

DOCKETED BY	<u>nr</u>
-------------	-----------

IN THE MATTER OF THE APPLICATION OF
DATELAND PUBLIC SERVICE COMPANY,
INC. FOR A PERMANENT RATE INCREASE.

DOCKET NO. W-02027A-13-0470

DECISION NO. 74784

ORDER

Open Meeting
October 16, 2014
Phoenix, Arizona

BY THE COMMISSION:

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

FINDINGS OF FACT

PROCEDURAL HISTORY

1. On December 26, 2013, Dateland Public Service Company, Inc. ("Dateland" or "Company"), filed an application with the Commission for a permanent rate increase. The Company attached a copy of the notice it sent to customers on December 23, 2013, advising them of the pending application. One customer filed an opinion opposing the rate increase.

2. Dateland docketed an amendment to its application in the Commission's Tucson Office on January 21, 2014.

3. On January 23, 2014, the Commission's Utilities Division ("Staff") issued its Sufficiency Letter stating that the application met the requirements of Arizona Administrative Code ("A.A.C.") R14-2-103 and classifying Dateland as a Class D utility.

4. The Company filed amendments to its application on January 31 and February 18, 2014. (The application and the amendments are collectively referred to as the "Application.")

...

1 5. On April 9, 2014, Staff submitted a Request for Extension of time to file the Staff
2 Report. Staff related it had scheduled a meeting with the United States Department of Agriculture
3 (“USDA”) to discuss questions about grants Dateland had received from the USDA and requested an
4 extension of 61 days to file the Staff Report. The Company did not object to the extension.

5 6. A Procedural Order issued April 15, 2014, granted Staff an extension to June 9, 2014,
6 to file the Staff Report. The time clock was extended accordingly.

7 7. Staff filed a second request for an extension of time to file the Staff Report, which was
8 granted by a Procedural Order docketed June 10, 2014. The filing deadline was extended to June 23,
9 2014, and the time clock was also extended.

10 8. On June 23, 2014, Staff issued its Staff Report recommending Commission approval
11 of Staff’s proposed rates and charges, subject to certain conditions. Staff noted its recommended
12 rates and charges were higher than those proposed by Dateland and asked the Company to re-notice
13 its customers regarding Staff’s proposals.

14 9. Dateland submitted its comments to the Staff Report on July 3, 2014, objecting to
15 certain of Staff’s conditions and recommendations.

16 10. On July 28, 2014, the Company filed an affidavit averring that it had provided its
17 customers with notice of Staff’s proposed rates. No customers submitted comments in response to
18 the new notice.

19 11. A Procedural Order docketed July 30, 2014, directed Staff to docket a reply to
20 Dateland’s comments by August 22, 2014. The Company was directed to file any comments to
21 Staff’s reply by September 12, 2014, and indicate whether Dateland wanted the matter to be set for
22 hearing. The Procedural order suspended the time clock.

23 12. Staff docketed its reply to Dateland’s comments on August 22, 2014.

24 13. On September 10, 2014, Dateland submitted its response to Staff’s reply, stating that it
25 withdrew its objections to Staff’s recommendations and did not want a hearing on its Application.

26 ...

27 ...

28

BACKGROUND**Company Background**

14. Dateland is an Arizona non-profit corporation providing water service to 112 customers in Yuma County, approximately 50 miles southwest of Gila Bend, Arizona. The Commission granted Dateland's Certificate of Convenience and Necessity in Decision No. 39886 (January 29, 1969).

15. An Arizona Department of Water Resources ("ADWR") compliance status report dated February 28, 2014, indicated that the Company is in compliance with ADWR requirements governing water providers and/or community water systems.

16. Dateland is not within an ADWR active management area ("AMA") and is not subject to any ADWR AMA reporting and conservation requirements. Staff and the Company selected three Best Management Practices Tariffs ("BMPs") based on Dateland's service area characteristics and believe these BMPs will allow the Company to address any high water use and waste by educating customers about water conservation.¹ Staff related that Dateland has already implemented a number of the provisions contained in the selected BMPs.

17. An Arizona Department of Environmental Quality ("ADEQ") Compliance Status Report dated June 9, 2014, indicated that the Company's system is in compliance with ADEQ regulations and currently delivers water that meets the water quality standards required by 40 CFR 141 and A.A.C., Title 18, Chapter 4.

18. Dateland has Commission-approved Backflow and Curtailment Tariffs.

19. Staff stated that Dateland has no outstanding compliance issues, is in good standing with the Corporation Division, and is current on its property and sales tax. Staff noted that between March 17, 2009, and April 9, 2014, there were no complaints filed against the Company.

Water System

20. According to Staff, Dateland's water system is comprised of two active wells with a total yield of 200 gallons per minute, two storage tanks with 150,000 gallons of storage capacity, one

¹ The proposed BMPs are found in Exhibit A to the Engineering Report attached to the Staff Report.

1 pressure tank, two booster pumps, a new reverse osmosis (“RO”) system, and a distribution system.
2 All customers are served by 5/8 x 3/4-inch meters.

3 21. Dateland noted most customers are retirees and it estimates the area will experience
4 no-to-little growth over the next five years. Staff concluded that the Company’s system has adequate
5 production and storage capacity to serve the existing customer base and reasonable growth.

6 22. For its Application, Dateland adopted a test year ending December 31, 2012. The
7 Company reported that during the test year it pumped 15,971,501 gallons and sold 9,984,132 gallons,
8 reflecting water loss of 37.49 percent. According to Staff, Dateland explained that the high water loss
9 was caused by an old RO system, and the extensive system construction that occurred in 2012,
10 pointing out that contractors had used water from the system for dust control and other purposes.
11 Dateland believes the new RO system will reduce water loss levels.²

12 23. Staff noted that the new RO system was custom built and designed to accommodate
13 up to 130 customers. However, Staff expressed concern about the operation and maintenance
14 expenses associated with a custom-built system, noting that Dateland’s engineering company
15 estimated operation and maintenance costs for the RO system with solar power at \$63,000 per year
16 and the Company projected total 2014 repair and maintenance costs of \$58,288. Staff stated that it
17 may be difficult for the Company to find qualified operators in the Dateland area for this unique,
18 automated system. Further, the plant is complex and it may be a challenge for a company of
19 Dateland’s size to own and manage, relating that on May 12, 2014, the RO system failed and the
20 Company had to operate the system manually. Dateland also reported that all manufacturer
21 warranties have expired and the manufacture of its solar system inverters has gone out of business.
22 Further, a sensor on the new storage tank failed and the replacement sensor cost \$1,100.

23 **Financial and Accounting Issues**

24 24. The Company’s current rates were set in Decision No. 70847 (March 17, 2009).

25 25. In the Decision, the Commission noted that in 2007 Dateland had received a \$726,000
26 Rural Utilities Service Colonia Grant from the United States Department of Agriculture – Rural

27 _____
28 ² Engineering Staff noted that Dateland’s water loss for 2010 was 38.13 percent and 32.05 percent for 2011. Engineering Report, page 5, footnote 1.

1 Development (“USDA – RD”) to fund extensive system improvements. Staff related that in 2008 the
2 amount of the grant increased to \$1,476,100; through 2012, the amount received under the grant
3 totaled \$2,661,285. By the end of the test year, the plant funded by the grant and placed into service
4 included two additional building lots, two new wells with booster pumps, a new storage tank and the
5 rehabilitation of an existing one, a pressure tank, an electrical service line, a solar electric system, and
6 the new RO plant with a computer system. In addition, the Company has received a permit to
7 construct a new building using USDA – RD grant money.

8 26. Staff found the Application and Dateland’s Utilities Annual Reports contained a
9 number of errors and inaccuracies. According to Staff, Dateland does not have a general ledger and
10 could not provide a complete and detailed breakdown of how grant funds were spent.³

11 27. Based on Staff’s review of the Application, its Utilities Annual Reports, the USDA –
12 RD grant records, Dateland’s financial records, and its record-keeping practices, Staff proposed the
13 following recommendations:

- 14 • The Company should provide to Staff a copy of all annual audit reports
15 required by the USDA within 30 days from the date after the reports are
16 submitted to the USDA.
- 17 • Dateland shall use the depreciation rates by individual NARUC category set
18 forth in Exhibit A attached to this Decision. Dateland should obtain qualified
19 assistance to create an accounting system in compliance with the NARUC
20 Uniform System of Accounts, including a general ledger, a journal and
21 financial statements, an inventory of plant, and the approved depreciation and
22 amortization schedules.
- 23 • The Company should file with Docket Control, within 180 days of the
24 effective date of the Decision, as a compliance item in this docket, a report
25 detailing the steps taken to implement the accounting system.
- 26 • Dateland should develop a verifiable five-year plant maintenance and
27 replacement schedule, including cost estimates, to be used in planning and
28 managing ongoing operations and should file with Docket Control, within 180
days of the effective date of this Decision, as a compliance item in this docket,
the five-year plant maintenance and replacement schedule.
- Dateland should monitor the number of gallons of water pumped and sold to
determine the amount of non-account water for one year and coordinate its
reading of well meters with its reading of customer meters each month, and
keep records on any non-account water it uses for legitimate purposes. The

³ Staff noted that Dateland’s record keeping is important for audit and tax purposes.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Company should file with Docket Control, within 13 months of the Decision’s effective date, as a compliance item in this docket, a water use data report reflecting the monitoring results. If the reported water loss is greater than 10 percent, Dateland should prepare a report containing a detailed analysis and plan to reduce water loss to 10 percent or less. If the Company believes it is not cost effective to reduce the water loss to less than 10 percent, it should submit a detailed cost/benefit analysis to support its opinion. The water loss reduction report or the detailed analysis, whichever is submitted, should be docketed as a compliance item file with Docket Control, as a compliance item in this docket, within 13 months of the Decision’s effective date.

- The three BMPs found in Exhibit A of the Engineering Report attached to the Staff Report should be approved.
- Dateland should notify its customers, in a form acceptable to Staff, of the approved BMP Tariffs and their effective date by means of either an insert in the next regularly scheduled billing or by a separate mailing, and should provide copies of the BMP Tariffs to any customer upon request. The approved BMP Tariffs should go into effect 30 days after the date notice is sent to customers. Dateland may request recovery of the actual costs associated with implementing the BMPs in its next rate application.

28. Dateland does not object to Staff’s recommendations. We find Staff’s recommendations are reasonable and we adopt them.

RATE APPLICATION

Summary

29. In the Application, Dateland proposed a 50.19 percent revenue increase of \$26,757, from \$53,316 to \$80,073. Staff determined that Dateland’s rate design actually produces revenues of \$78,625, resulting in an operating loss of \$53,722.

30. Staff recommends revenues higher than those proposed by Dateland. Staff recommended an ultimate increase in operating revenue of \$50,670, but recommended that the increase be phased in over three years in order to promote rate gradualism. Rates in the first year would result in a \$32,643 (68.82 percent) increase over adjusted test year revenues of \$47,430. In the second year, there would be an increase of \$41,607 (87.72 percent) over adjusted test year revenues. Finally, the full increase of \$50,670 (106.62 percent) over adjusted test year revenues would be implemented in the third year.

...
...

Rate Design

31. During the test year, the average and median water use by customers were 7,405 and 5,475 gallons per month, respectively.

32. The rates and charges for Dateland at present, as proposed by the Company, and as recommended by Staff in each phase, are as follows:

PHASE 1**MONTHLY USAGE CHARGE:**

	Present Rates	Company Proposed	Staff Proposed
5/8 x 3/4-Inch Meter	\$26.00	\$40.00	\$36.00
3/4-Inch Meter	0.00	0.00	36.00
1-Inch Meter	0.00	0.00	75.00
1-1/2-Inch Meter	0.00	0.00	150.00
2-Inch Meter	0.00	0.00	240.00
3-Inch Meter	0.00	0.00	480.00
4-Inch Meter	0.00	0.00	750.00
6-Inch Meter	0.00	0.00	1,500.00
Excess of Minimum – Per 1,000 Gallons	\$0.00	\$0.00	\$0.00
Gallons Included in Minimum	0	0	0

COMMODITY CHARGES:

Per 1,000 Gallons (All Classes)

5/8 x 3/4-Inch Meter

0 to 3,000 gallons	\$1.00	\$2.00	\$2.00
3,001 to 7,000 gallons	1.25	2.50	3.10
Over 7,000 gallons	1.50	3.00	4.40

3/4-Inch Meter

0 to 3,000 gallons	N/A	N/A	\$2.00
3,001 to 7,000 gallons	N/A	N/A	3.10
Over 7,000 gallons	N/A	N/A	4.40

1-Inch Meter

0 to 40,000 gallons	N/A	N/A	\$3.10
Over 40,000 gallons	N/A	N/A	4.40

1-1/2-Inch Meter

0 to 120,000 gallons	N/A	N/A	\$3.10
Over 120,000 gallons	N/A	N/A	4.40

2-Inch Meter

0 to 225,000 gallons	N/A	N/A	\$3.10
Over 225,000 gallons	N/A	N/A	4.40

3-Inch Meter

0 to 500,000 gallons	N/A	N/A	\$3.10
Over 500,000 gallons	N/A	N/A	4.40

1	<u>4-Inch Meter</u>			
2	0 to 800,000 gallons	N/A	N/A	\$3.10
	Over 800,000 gallons	N/A	N/A	4.40
3	<u>6-Inch Meter</u>			
4	0 to 1,500,000 gallons	N/A	N/A	\$3.10
	Over 1,500,000 gallons	N/A	N/A	4.40
5				
		<u>PHASE 2</u>		
6	<u>MONTHLY USAGE CHARGE:</u>			
		Present	Company	Staff
7		<u>Rates</u>	<u>Proposed</u>	<u>Proposed</u>
	5/8 x 3/4-Inch Meter	\$26.00	\$40.00	\$36.00
8	3/4-Inch Meter	0.00	0.00	36.00
	1-Inch Meter	0.00	0.00	75.00
9	1-1/2-Inch Meter	0.00	0.00	150.00
	2-Inch Meter	0.00	0.00	240.00
10	3-Inch Meter	0.00	0.00	480.00
	4-Inch Meter	0.00	0.00	750.00
11	6-Inch Meter	0.00	0.00	1,500.00
12	Excess of Minimum – Per 1,000 Gallons	\$0.00	\$0.00	\$0.00
	Gallons Included in Minimum	0	0	0
13	<u>COMMODITY CHARGES:</u>			
14	Per 1,000 Gallons (All Classes)			
15	<u>5/8 x 3/4-Inch Meter</u>			
	0 to 3,000 gallons	\$1.00	\$2.00	N/A
16	3,001 to 7,000 gallons	1.25	2.50	N/A
	Over 7,000 gallons	1.50	3.00	N/A
17	<u>5/8 x 3/4-Inch Meter</u>			
18	0 to 3,000 gallons	N/A	N/A	\$3.00
	3,001 to 12,000 gallons	N/A	N/A	4.25
19	Over 12,000 gallons	N/A	N/A	5.00
20	<u>3/4-Inch Meter</u>			
	0 to 3,000 gallons	N/A	N/A	\$3.00
21	3,001 to 7,000 gallons	N/A	N/A	4.25
	Over 7,000 gallons	N/A	N/A	5.00
22	<u>1-Inch Meter</u>			
23	0 to 40,000 gallons	N/A	N/A	\$4.25
	Over 40,000 gallons	N/A	N/A	5.00
24	<u>1-1/2-Inch Meter</u>			
25	0 to 120,000 gallons	N/A	N/A	\$4.25
	Over 120,000 gallons	N/A	N/A	5.00
26	<u>2-Inch Meter</u>			
27	0 to 225,000 gallons	N/A	N/A	\$4.25
28	Over 225,000 gallons	N/A	N/A	5.00

3-Inch Meter

0 to 500,000 gallons	N/A	N/A	\$4.25
Over 500,000 gallons	N/A	N/A	5.00

4-Inch Meter

0 to 800,000 gallons	N/A	N/A	\$4.25
Over 800,000 gallons	N/A	N/A	5.00

6-Inch Meter

0 to 1,500,000 gallons	N/A	N/A	\$4.25
Over 1,500,000 gallons	N/A	N/A	5.00

PHASE 3**MONTHLY USAGE CHARGE:**

	Present Rates	Company Proposed	Staff Proposed
5/8 x 3/4-Inch Meter	\$26.00	\$40.00	\$36.60
3/4-Inch Meter	0.00	0.00	36.60
1-Inch Meter	0.00	0.00	75.00
1-1/2-Inch Meter	0.00	0.00	150.00
2-Inch Meter	0.00	0.00	240.00
3-Inch Meter	0.00	0.00	480.00
4-Inch Meter	0.00	0.00	750.00
6-Inch Meter	0.00	0.00	1,500.00
Excess of Minimum – Per 1,000 Gallons	\$0.00	\$0.00	\$0.00
Gallons Included in Minimum	0	0	0

COMMODITY CHARGES:
Per 1,000 Gallons (All Classes)**5/8 x 3/4-Inch Meter**

0 to 3,000 gallons	\$1.00	\$2.00	N/A
3,001 to 7,000 gallons	1.25	2.50	N/A
Over 7,000 gallons	1.50	3.00	N/A

5/8 x 3/4-Inch Meter

0 to 3,000 gallons	N/A	N/A	\$3.20
3,001-12,000 gallons	N/A	N/A	5.25
Over 12,000 gallons	N/A	N/A	6.25

3/4-Inch Meter

0 to 3,000 gallons	N/A	N/A	\$3.20
3,001 to 7,000 gallons	N/A	N/A	5.25
Over 7,000 gallons	N/A	N/A	6.25

1-Inch Meter

0 to 40,000 gallons	N/A	N/A	\$5.25
Over 40,000 gallons	N/A	N/A	6.25

1-1/2-Inch Meter

0 to 120,000 gallons	N/A	N/A	\$5.25
Over 120,000 gallons	N/A	N/A	6.25

1	<u>2-Inch Meter</u>			
	0 to 225,000 gallons	N/A	N/A	\$5.25
2	Over 225,000 gallons	N/A	N/A	6.25
3	<u>3-Inch Meter</u>			
	0 to 500,000 gallons	N/A	N/A	\$5.25
4	Over 500,000 gallons	N/A	N/A	6.25
5	<u>4-Inch Meter</u>			
	0 to 800,000 gallons	N/A	N/A	\$5.25
6	Over 800,000 gallons	N/A	N/A	6.25
7	<u>6-Inch Meter</u>			
	0 to 1,500,000 gallons	N/A	N/A	\$5.25
8	Over 1,500,000 gallons	N/A	N/A	6.25

9 **SERVICE LINE AND METER CHARGES:**
 (Refundable Pursuant to A.A.C. R14-2-405)

	Current Service	Current Meter Charges	Current Total Charges	Company Proposed Total Charges	Staff Recommended Service Line Charges	Staff Recommended Meter Charges	Staff Recommended Total Charges	
12	5/8 x 3/4" Meter	\$400	\$100	\$500	\$600	\$450	\$150	\$600
13	3/4 " Meter	415	205	620	750	415	205	620
	1" Meter	465	265	730	1,000	465	265	730
14	1-1/2" Meter	520	475	995	1,250	520	475	995
	2" Turbine Meter	800	995	1,795	1,795	800	995	1,795
15	2" Compound Meter	800	1,840	2,640	2,640	800	1,840	2,640
	3" Turbine Meter	1,015	1,620	2,635	2,635	1,015	1,620	2,635
16	3" Compound Meter	1,135	2,495	3,630	3,630	1,135	2,495	3,630
	4" Turbine Meter	1,430	2,570	4,000	4,000	1,430	2,570	4,000
17	4" Compound Meter	1,610	3,545	5,155	5,155	1,610	3,545	5,155
	6" Turbine Meter	2,150	4,925	7,075	7,075	2,150	4,925	7,075
18	6" Compound Meter	2,270	6,820	9,090	9,090	2,270	6,820	9,090

	<u>Present Rates</u>	<u>Company Proposed</u>	<u>Staff Recommended</u>	
19	<u>SERVICE CHARGES:</u>			
20	Establishment	\$35.00	\$50.00	\$40.00
21	Reconnection (Delinquent)	35.00	65.00	40.00
	After Hours Service Charge	50.00	50.00	50.00
22	Meter Test	Cost	Cost	30.00
	Meter Re-Read	\$5.00	\$5.00	10.00
23	NSF Check	35.00	35.00	35.00
	Deposit	\$0.00	\$0.00	*
24	Deposit Interest	*	*	*
	Re-Establishment (Within 12 months)	**	**	**
25	Deferred Payment Per Month	1.50%	1.50%	1.50%
	Late Fee	1.50%	1.50%	1.50%

26 ...
 27 ...
 28

Monthly Service Charge for Fire Sprinkler

1	4-Inch to Larger than 10-Inch	\$0.00	\$0.00	***
2	6-Inch	0.00	0.00	***
	8-Inch	0.00	0.00	***
3	10-Inch	0.00	0.00	***
	Larger than 10-Inch	0.00	0.00	***

4 * Per Commission Rule A.A.C. R14-2-403(B).

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

6 *** 2.00% of monthly minimum for a comparable sized meter connection, but no less than \$10.00 per month.
 The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

7
 8 33. Staff determined Dateland’s original cost rate base, which is the same as its fair value
 9 rate base (“FVRB”), to be \$21,375. This \$1,385,896 decrease to Dateland’s proposed FVRB of
 10 \$1,407,271 resulted from Staff’s adjustments to plant-in-service and accumulated depreciation;
 11 removal of contributions in aid of construction (“CIAC”) and the accumulated amortization of CIAC
 12 related to the USDA – RD grant-funded plant; and the addition of working capital. Dateland did not
 13 object to Staff’s adjustments to its proposed FVRB. Staff’s proposed rate base adjustments are
 14 reasonable and will be adopted.

15 34. Staff reduced Dateland’s proposed test year operating revenues from \$53,316 to
 16 \$47,430 to reflect removal of non-recurring other water revenue. Staff’s adjustments to the
 17 Company’s proposed test year operating expenses resulted in a net decrease of \$46,312, from
 18 \$133,795 to \$87,483, due to Staff’s adjustments to purchased power, repairs and maintenance,
 19 outside services expense, water testing expense, rate case expense, depreciation expense and taxes.
 20 Dateland accepted Staff’s adjustments to its proposed operating revenues and expenses. Staff’s
 21 proposed adjustments to operating revenues and expenses are reasonable and will be adopted.

22 35. After Staff’s adjustments, Dateland’s present water rates and charges reflect an
 23 operating loss of (\$40,053), for no return on the adjusted FVRB.

24 36. Because Dateland’s adjusted FVRB is \$21,375, Staff was unable to derive a revenue
 25 requirement by applying a rate of return methodology, electing instead to use a cash flow calculation.
 26 Staff’s recommended three-year phased-in rates and charges would produce operating revenue and
 27 cash flow as follow:

28 ...

	YEAR ONE	YEAR TWO	YEAR THREE
OPERATING REVENUE	\$80,073	\$89,037	\$98,000
OPERATING EXPENSE	\$87,907	\$87,962	\$88,012
OPERATING INCOME	(\$7,834)	\$1,075	\$9,988
CASH FLOW	\$598	\$9,247	\$18,096
RATE OF RETURN	--	5.03%	46.73%

37. Staff asserted that its phased-in rate design both reduces rate shock and provides Dateland with sufficient cash flow to meet its operating expenses and other contingencies, including the expenses associated with the new RO system. The recommended rates proposed by Staff in the Staff Report would increase the average and median monthly residential customer bill as follows:

	PRESENT RATES	PROPOSED RATES	DOLLAR INCREASE	PERCENT INCREASE
<u>PHASE ONE</u>				
AVERAGE	\$34.61	\$56.18	\$21.58	62.3%
MEDIAN	\$34.00	\$49.67	\$15.67	46.1%
<u>PHASE TWO</u>				
AVERAGE	\$34.61	\$64.03	\$29.42 (+\$7.84)	85.0%
MEDIAN	\$34.00	\$55.52	\$21.52 (+\$5.85)	63.3%
<u>PHASE THREE</u>				
AVERAGE	\$34.61	\$69.73	\$35.13 (+\$5.71)	101.5%
MEDIAN	\$34.00	\$59.19	\$25.19 (+\$3.67)	74.1%

38. Dateland agreed with Staff's rate design and charges.

39. Staff recommended that Dateland file a schedule of its approved rates and charges with the Commission within 30 days of the effective date of the Decision, and notify its customers of the authorized rates and charges, and their effective date, in a form acceptable to Staff, by means of an insert in its next regularly scheduled billing.

40. Staff also recommended that Dateland should file a permanent rate application no later than June 1, 2018, with a test year ending December 31, 2017.

41. Dateland initially objected to a number of Staff's recommendations, claiming they were onerous and resulted in additional expense for the Company. However, in its comments to Staff's reply to Dateland's objections, the Company withdrew its opposition to Staff's proposed conditions.

1 42. We find that Staff's recommendations are just and reasonable and we adopt them.

2 43. In addition to Staff's recommendations, we believe it is reasonable to authorize
3 Dateland to collect from its customers a proportionate share of any privilege, sales or use tax as
4 provided for in A.A.C. R-14-2-409(D).

5 44. In Decision No. 70847, the Commission ordered Dateland to file annually, as part of
6 its Annual Report, an affidavit with the Utilities Division attesting that it is current on paying its
7 property taxes. We believe it is reasonable to require Dateland to continue to file the property tax
8 affidavit.

9 45. We find that Staff's recommendations, as well as the recommendations stated in
10 Findings of Fact Nos. 43 and 44, are reasonable and we will adopt them.

11 **CONCLUSIONS OF LAW**

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

14 2. The Commission has jurisdiction over Dateland and the Application's subject matter.

15 3. Notice of the Application was provided in the manner prescribed by Arizona law.

16 4. The authorized rates and charges are just and reasonable and should be approved
17 without a hearing.

18 5. Staff's recommendations, as well as the recommendations stated in Findings of Fact
19 Nos. 43 and 44, are reasonable and should be adopted.

20 **ORDER**

21 IT IS THEREFORE ORDERED that Dateland Public Service Company, Inc. shall file with
22 Docket Control, as a compliance item in this docket, by October 31, 2014, revised tariffs setting forth
23 the following rates and charges:

- 24 ...
- 25 ...
- 26 ...
- 27 ...

28

PHASE 1
(Effective November 1, 2014)

MONTHLY USAGE CHARGE:

5/8 x 3/4-Inch Meter	\$36.00
3/4-Inch Meter	36.00
1-Inch Meter	75.00
1-1/2-Inch Meter	150.00
2-Inch Meter	240.00
3-Inch Meter	480.00
4-Inch Meter	750.00
6-Inch Meter	1,500.00

COMMODITY CHARGES:

Per 1,000 Gallons (All Classes)

5/8 x 3/4-Inch Meter

0 to 3,000 gallons	\$2.00
3,001 to 7,000 gallons	3.10
Over 7,000 gallons	4.40

3/4-Inch Meter

0 to 3,000 gallons	\$2.00
3,001 to 7,000 gallons	3.10
Over 7,000 gallons	4.40

1-Inch Meter

0 to 40,000 gallons	\$3.10
Over 40,000 gallons	4.40

1-1/2-Inch Meter

0 to 120,000 gallons	\$3.10
Over 120,000 gallons	4.40

2-Inch Meter

0 to 225,000 gallons	\$3.10
Over 225,000 gallons	4.40

3-Inch Meter

0 to 500,000 gallons	\$3.10
Over 500,000 gallons	4.40

4-Inch Meter

0 to 800,000 gallons	\$3.10
Over 800,000 gallons	4.40

6-Inch Meter

0 to 1,500,000 gallons	\$3.10
Over 1,500,000 gallons	4.40

...

...

PHASE 2
(Effective **November 1, 2015**)

MONTHLY USAGE CHARGE:

5/8 x 3/4-Inch Meter	\$36.00
3/4-Inch Meter	36.00
1-Inch Meter	75.00
1-1/2-Inch Meter	150.00
2-Inch Meter	240.00
3-Inch Meter	480.00
4-Inch Meter	750.00
6-Inch Meter	1,500.00

COMMODITY CHARGES:

Per 1,000 Gallons (All Classes)

<u>5/8 x 3/4-Inch Meter</u>	\$3.00
0 to 3,000 gallons	4.25
3,001-12,000 gallons	5.00
Over 12,000 gallons	

<u>3/4-Inch Meter</u>	\$3.00
0 to 3,000 gallons	4.25
3,001 to 7,000 gallons	5.00
Over 7,000 gallons	

<u>1-Inch Meter</u>	\$3.00
0 to 40,000 gallons	4.25
Over 40,000 gallons	5.00

<u>1-1/2-Inch Meter</u>	
0 to 120,000 gallons	\$4.25
Over 120,000 gallons	5.00

<u>2-Inch Meter</u>	
0 to 225,000 gallons	\$4.25
Over 225,000 gallons	5.00

<u>3-Inch Meter</u>	
0 to 500,000 gallons	\$4.25
Over 500,000 gallons	5.00

<u>4-Inch Meter</u>	
0 to 800,000 gallons	\$4.25
Over 800,000 gallons	5.00

<u>6-Inch Meter</u>	
0 to 1,500,000 gallons	\$4.25
Over 1,500,000 gallons	5.00

...

...

PHASE 3
(Effective November 1, 2016)

MONTHLY USAGE CHARGE:

5/8 x 3/4-Inch Meter	\$36.60
3/4-Inch Meter	36.60
1-Inch Meter	75.00
1-1/2-Inch Meter	150.00
2-Inch Meter	240.00
3-Inch Meter	480.00
4-Inch Meter	750.00
6-Inch Meter	1,500.00

COMMODITY CHARGES:

Per 1,000 Gallons (All Classes)

5/8 x 3/4-Inch Meter

0 to 3,000 gallons	\$3.20
3,001 to 12,000 gallons	5.25
Over 12,000 gallons	6.25

3/4-Inch Meter

0 to 3,000 gallons	\$3.20
3,001 to 7,000 gallons	5.25
Over 7,000 gallons	6.25

1-Inch Meter

0 to 40,000 gallons	\$5.25
Over 40,000 gallons	6.25

1-1/2-Inch Meter

0 to 120,000 gallons	\$5.25
Over 120,000	6.25

2-Inch Meter

0 to 225,000 gallons	\$5.25
Over 225,000 gallons	6.25

3-Inch Meter

0 to 500,000 gallons	\$5.25
Over 500,000 gallons	6.25

4-Inch Meter

0 to 800,000 gallons	\$5.25
Over 800,000 gallons	6.25

6-Inch Meter

0 to 1,500,000 gallons	\$5.25
Over 1,500,000 gallons	6.25

...

...

<u>SERVICE LINE AND METER CHARGES:</u> (Refundable Pursuant to A.A.C. R14-2-405)	<u>Service Line</u> <u>Charges</u>	<u>Meter</u> <u>Charges</u>	<u>Total</u> <u>Charges</u>
5/8 x 3/4-Inch Meter	\$ 450.00	\$ 150.00	\$ 600.00
3/4-Inch Meter	415.00	205.00	620.00
1-Inch Meter	465.00	265.00	730.00
1-1/2-Inch Meter	520.00	475.00	995.00
2-Inch Turbine Meter	800.00	995.00	1,795.00
2-Inch Compound Meter	800.00	1,840.00	2,640.00
3-Inch Turbine Meter	1,015.00	1,620.00	2,635.00
3-Inch Compound Meter	1,135.00	2,495.00	3,630.00
4-Inch Turbine Meter	1,430.00	2,570.00	4,000.00
4-Inch Compound Meter	1,610.00	3,545.00	5,155.00
6-Inch Turbine Meter	2,150.00	4,925.00	7,075.00
6-Inch Compound Meter	2,270.00	6,820.00	9,090.00

SERVICE CHARGES:

Establishment	\$40.00
Reconnection (Delinquent)	40.00
After Hours Service Charge	50.00
Meter Test	30.00
Meter Re-Read	10.00
NSF Check	35.00
Deposit	*
Deposit Interest	*
Re-Establishment (Within 12 months)	**
Deferred Payment Per Month	1.50%
Late Fee	1.50%

Monthly Service Charge for Fire Sprinkler:

4-Inch to Larger than 10-Inch	***
6-Inch	***
8-Inch	***
10-Inch	***
Larger than 10-Inch	***

* Per Commission Rule A.A.C. R14-2-403(B).

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

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

IT IS FURTHER ORDERED that the above rates and charges for Phase 1 shall be effective for all service provided on and after November 1, 2014; for Phase 2, on and after November 1, 2015; and for Phase 3, on and after November 1, 2016.

IT IS FURTHER ORDERED that Dateland Public Service Company, Inc. shall notify its customers of the authorized phased-in rates and charges, and their effective dates, in a form acceptable to the Commission Staff, by means of an insert in its next regularly scheduled billing or separate mailing.

1 IT IS FURTHER ORDERED that in addition to collection of its regular rates and charges,
2 Dateland Public Service Company, Inc. is authorized to collect from its customers a proportionate
3 share of any privilege, sales or use tax pursuant to A.C.C. R14-2-409(D).

4 IT IS FURTHER ORDERED that Dateland Public Service Company, Inc. shall provide to
5 Commission Staff a copy of all annual audit reports required by the USDA within 30 days from the
6 date after the reports are submitted to the USDA.

7 IT IS FURTHER ORDERED that Dateland Public Service Company, Inc. shall use the
8 depreciation rates by individual NARUC category set forth in the attached Exhibit A.

9 IT IS FURTHER ORDERED that Dateland Public Service Company, Inc. shall obtain
10 qualified assistance to create an accounting system in compliance with NARUC Uniform System of
11 Accounts, which shall include a general ledger, a journal and financial statements, an inventory of
12 plant, and the depreciation and amortization schedules adopted in this Decision, and shall file with
13 Docket Control, as a compliance item in this docket, within 180 days of the effective date of this
14 Decision, a report detailing steps taken to implement the accounting system.

15 IT IS FURTHER ORDERED that Dateland Public Service Company, Inc. shall develop a
16 verifiable five-year plant maintenance and replacement schedule, including cost estimates, to be used
17 in planning and managing ongoing operations, and shall file with Docket Control, as a compliance
18 item in this docket, within 180 days of the effective date of this Decision, the five-year plant
19 maintenance and replacement schedule.

20 IT IS FURTHER ORDERED that Dateland Public Service Company, Inc. shall monitor the
21 number of gallons of water pumped and sold to determine the amount of non-account water for one
22 year and shall coordinate its reading of well meters with its reading of customer meters each month,
23 and shall keep records on any non-account water it uses for legitimate purposes. Dateland Public
24 Service Company, Inc. shall file with Docket Control, as a compliance item in this docket, within 13
25 months of the Decision's effective date, a water use data report reflecting the monitoring results. If
26 the reported water loss is greater than 10 percent, Dateland Public Service Company, Inc. shall
27 prepare a report containing a detailed analysis and plan to reduce water loss to 10 percent or less. If
28

1 the Company believes it is not cost effective to reduce the water loss to less than 10 percent, it should
2 submit a detailed cost/benefit analysis to support its opinion. The water loss reduction report or the
3 detailed analysis, whichever is submitted, shall be docketed as a compliance item with Docket
4 Control, within 13 months of the Decision's effective date.

5 IT IS FURTHER ORDERED that the BMP Tariffs found in Exhibit A of the Engineering
6 Report attached to the Staff Report are approved.

7 IT IS FURTHER ORDERED that Dateland Public Service Company, Inc. shall notify its
8 customers, in a form acceptable to Staff, of the approved BMP Tariffs and their effective date by
9 means of either an insert in the next regularly scheduled billing or by a separate mailing and shall
10 provide copies of the BMP Tariffs to any customer upon request.

11 IT IS FURTHER ORDERED that the approved BMP Tariffs shall go into effect 30 days after
12 the date notice is sent to customers.

13 IT IS FURTHER ORDERED that Dateland Public Service Company, Inc. may request in its
14 next rate application recovery of the actual costs associated with the BMPs implemented.

15 IT IS FURTHER ORDERED that Dateland Public Service Company, Inc. shall file a
16 permanent rate application no later than June 1, 2018, using a test year ending December 31, 2017.

17 ...
18 ...
19 ...
20 ...
21 ...
22 ...
23 ...
24 ...
25 ...
26 ...
27 ...
28

1 IT IS FURTHER ORDERED that Dateland Public Service Company, Inc. shall continue to
2 file annually, as part of its Utilities Annual Report, an affidavit with Commission Staff attesting that
3 Dateland Public Service Company Inc. is current in paying its property taxes in Arizona.

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

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

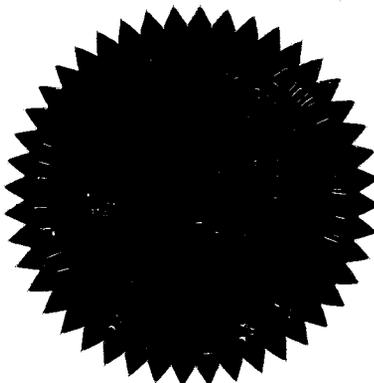
6
7
8 CHAIRMAN

COMMISSIONER

9
10 COMMISSIONER

COMMISSIONER

COMMISSIONER



11
12 IN WITNESS WHEREOF, I, JODI JERICH, Executive
13 Director of the Arizona Corporation Commission, have
14 hereunto set my hand and caused the official seal of the
15 Commission to be affixed at the Capitol, in the City of Phoenix,
16 this 24th day of October 2014.

17
18
19 JODI JERICH
20 EXECUTIVE DIRECTOR

21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100
101
102
103
104
105
106
107
108
109
110
111
112
113
114
115
116
117
118
119
120
121
122
123
124
125
126
127
128
129
130
131
132
133
134
135
136
137
138
139
140
141
142
143
144
145
146
147
148
149
150
151
152
153
154
155
156
157
158
159
160
161
162
163
164
165
166
167
168
169
170
171
172
173
174
175
176
177
178
179
180
181
182
183
184
185
186
187
188
189
190
191
192
193
194
195
196
197
198
199
200
201
202
203
204
205
206
207
208
209
210
211
212
213
214
215
216
217
218
219
220
221
222
223
224
225
226
227
228
229
230
231
232
233
234
235
236
237
238
239
240
241
242
243
244
245
246
247
248
249
250
251
252
253
254
255
256
257
258
259
260
261
262
263
264
265
266
267
268
269
270
271
272
273
274
275
276
277
278
279
280
281
282
283
284
285
286
287
288
289
290
291
292
293
294
295
296
297
298
299
300
301
302
303
304
305
306
307
308
309
310
311
312
313
314
315
316
317
318
319
320
321
322
323
324
325
326
327
328
329
330
331
332
333
334
335
336
337
338
339
340
341
342
343
344
345
346
347
348
349
350
351
352
353
354
355
356
357
358
359
360
361
362
363
364
365
366
367
368
369
370
371
372
373
374
375
376
377
378
379
380
381
382
383
384
385
386
387
388
389
390
391
392
393
394
395
396
397
398
399
400
401
402
403
404
405
406
407
408
409
410
411
412
413
414
415
416
417
418
419
420
421
422
423
424
425
426
427
428
429
430
431
432
433
434
435
436
437
438
439
440
441
442
443
444
445
446
447
448
449
450
451
452
453
454
455
456
457
458
459
460
461
462
463
464
465
466
467
468
469
470
471
472
473
474
475
476
477
478
479
480
481
482
483
484
485
486
487
488
489
490
491
492
493
494
495
496
497
498
499
500
501
502
503
504
505
506
507
508
509
510
511
512
513
514
515
516
517
518
519
520
521
522
523
524
525
526
527
528
529
530
531
532
533
534
535
536
537
538
539
540
541
542
543
544
545
546
547
548
549
550
551
552
553
554
555
556
557
558
559
560
561
562
563
564
565
566
567
568
569
570
571
572
573
574
575
576
577
578
579
580
581
582
583
584
585
586
587
588
589
590
591
592
593
594
595
596
597
598
599
600
601
602
603
604
605
606
607
608
609
610
611
612
613
614
615
616
617
618
619
620
621
622
623
624
625
626
627
628
629
630
631
632
633
634
635
636
637
638
639
640
641
642
643
644
645
646
647
648
649
650
651
652
653
654
655
656
657
658
659
660
661
662
663
664
665
666
667
668
669
670
671
672
673
674
675
676
677
678
679
680
681
682
683
684
685
686
687
688
689
690
691
692
693
694
695
696
697
698
699
700
701
702
703
704
705
706
707
708
709
710
711
712
713
714
715
716
717
718
719
720
721
722
723
724
725
726
727
728
729
730
731
732
733
734
735
736
737
738
739
740
741
742
743
744
745
746
747
748
749
750
751
752
753
754
755
756
757
758
759
760
761
762
763
764
765
766
767
768
769
770
771
772
773
774
775
776
777
778
779
780
781
782
783
784
785
786
787
788
789
790
791
792
793
794
795
796
797
798
799
800
801
802
803
804
805
806
807
808
809
810
811
812
813
814
815
816
817
818
819
820
821
822
823
824
825
826
827
828
829
830
831
832
833
834
835
836
837
838
839
840
841
842
843
844
845
846
847
848
849
850
851
852
853
854
855
856
857
858
859
860
861
862
863
864
865
866
867
868
869
870
871
872
873
874
875
876
877
878
879
880
881
882
883
884
885
886
887
888
889
890
891
892
893
894
895
896
897
898
899
900
901
902
903
904
905
906
907
908
909
910
911
912
913
914
915
916
917
918
919
920
921
922
923
924
925
926
927
928
929
930
931
932
933
934
935
936
937
938
939
940
941
942
943
944
945
946
947
948
949
950
951
952
953
954
955
956
957
958
959
960
961
962
963
964
965
966
967
968
969
970
971
972
973
974
975
976
977
978
979
980
981
982
983
984
985
986
987
988
989
990
991
992
993
994
995
996
997
998
999
1000

DISSENT _____
BAM:tv

1 SERVICE LIST FOR: DATELAND PUBLIC SERVICE COMPANY, INC.

2 DOCKET NO. W-02027A-13-0470

3
4 DATELAND PUBLIC SERVICE COMPANY, INC.
5 P.O. Box 3011
6 Dateland, AZ 85333

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

12 Steven M. Olea, Director
13 Utilities Division
14 ARIZONA CORPORATION COMMISSION
15 1200 West Washington Street
16 Phoenix, AZ 85007
17
18
19
20
21
22
23
24
25
26
27
28

EXHIBIT A

Table B. Depreciation Rates

NARUC Acct. No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
304	Structures & Improvements	30	3.33
305	Collecting & Impounding Reservoirs	40	2.50
306	Lake, River, Canal Intakes	40	2.50
307	Wells & Springs	30	3.33
308	Infiltration Galleries	15	6.67
309	Raw Water Supply Mains	50	2.00
310	Power Generation Equipment	20	5.00
311	Pumping Equipment	8	12.5
320	Water Treatment Equipment		
320.1	Water Treatment Plants	30	3.33
320.2	Solution Chemical Feeders	5	20.0
330	Distribution Reservoirs & Standpipes		
330.1	Storage Tanks	45	2.22
330.2	Pressure Tanks	20	5.00
331	Transmission & Distribution Mains	50	2.00
333	Services	30	3.33
334	Meters	12	8.33
335	Hydrants	50	2.00
336	Backflow Prevention Devices	15	6.67
339	Other Plant & Misc Equipment	15	6.67
340	Office Furniture & Equipment	15	6.67
340.1	Computers & Software	5	20.00
341	Transportation Equipment	5	20.00
342	Stores Equipment	25	4.00
343	Tools, Shop & Garage Equipment	20	5.00
344	Laboratory Equipment	10	10.00
345	Power Operated Equipment	20	5.00
346	Communication Equipment	10	10.00
347	Miscellaneous Equipment	10	10.00
348	Other Tangible Plant	---	---

NOTES:

1. These depreciation rates represent average expected rates. Water companies may experience different rates due to variations in construction, environment, or the physical and chemical characteristics of the water.
2. Acct. 348, Other Tangible Plant may vary from 5% to 50%. The depreciation rate would be set in accordance with the specific capital items in this account.